
PLAY
INTRAWEST
Annual Report 2001

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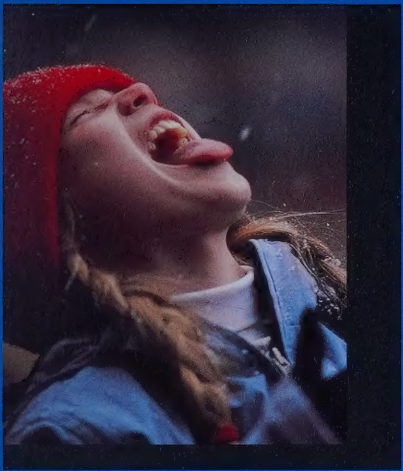


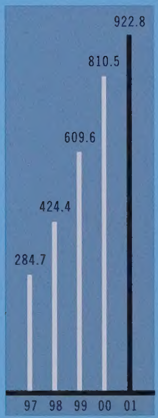
GREAT PLAYGROUNDS OF THE WESTERN WORLD

What sets Intrawest apart and propels this company forward is the very fact that we create places where amazing experiences happen. Unique, memorable, ultimately body-and-soul satisfying experiences. Places where extraordinary things happen to individuals from sun up to sun down. Places for families to grow together instead of drift apart. Places that are easy to come back to and hard to leave. Places that speak to the child in us all. With the encroachment of work into every corner of our waking lives, never before has the notion of play been of greater value. You'll find our resorts by great mountains, crystalline beaches, championship golf courses, pristine lakes, and unforgettable attractions throughout North America and now in Europe.

WWW.INTRAWEST.COM

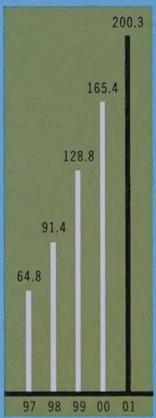
Financial Highlights

DIVERSIFIED OPERATIONAL REVENUE



(US$ MILLIONS)

REVENUE



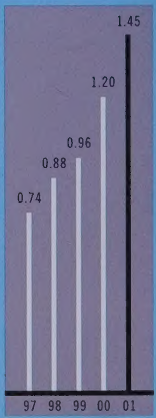
(US$ MILLIONS)

TOTAL COMPANY EBITDA

(US$ MILLIONS)

INCOME

FROM CONTINUING OPERATIONS



(US$)

INCOME PER COMMON SHARE

FROM CONTINUING OPERATIONS

Statements contained in this annual report that are not historical facts are forward-looking statements that involve risks and uncertainties. Intrawest's actual results could differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, seasonality, weather conditions, competition, general economic conditions, currency fluctuations and other risks detailed in the company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

CORPORATE PROFILE

Intrawest Corporation is the leading developer and operator of village-centered destination resorts across North America. It is redefining the resort world with its ten mountain resorts, one warm-weather resort, nineteen golf courses, a premier vacation ownership business—Club Intrawest—and five world-class resort villages at other locations, including one in France. In addition, Intrawest has a significant investment in Compagnie des Alpes, the largest ski company in the world in terms of skier visits, and Alpine Helicopters, owner of the largest heli-skiing operation in the world. The company has expertise in all aspects of resort living including lodging, food and beverage, themed retail, animated operations and real estate development. Its 20,000 employees are uniquely positioned to service the company's 7.0 million skier visits and 500,000 golf rounds, providing the best possible resort experience again and again. Intrawest Corporation's shares are listed on the New York (IDR) and Toronto (ITW) stock exchanges. The company is headquartered in Vancouver, British Columbia.

FIVE-YEAR HISTORICAL REVIEW

Years ended June 30	2001	2000	1999	1998	1997
Consolidated Operations		(in millions of U.S. dollars, except per share amounts)			
Revenue					
Resort operations	**$ 492.2**	$ 447.4	$ 382.5	$ 259.1	$ 192.7
Real estate (sales and rental)	**424.3**	348.4	221.2	162.8	88.8
Other	**6.3**	14.7	5.9	2.5	3.2
Total revenue	**922.8**	810.5	609.6	424.4	284.7
Expenses					
Resort operations	**383.9**	353.7	300.9	200.5	143.3
Real estate costs	**343.3**	285.5	177.4	130.9	71.7
Interest	**44.5**	35.2	24.8	16.1	15.3
Depreciation and amortization	**57.9**	51.4	40.2	26.8	19.0
General, administrative and other	**29.7**	32.6	27.7	19.8	14.7
Total expenses	**859.3**	758.4	571.0	394.1	264.0
Income from continuing operations	**$ 63.5**	$ 52.1	$ 38.6	$ 30.3	$ 20.7
Income per share					
Income from continuing operations	**$ 1.45**	$ 1.20	$ 0.96	$ 0.88	$ 0.74
Weighted average number of shares (in thousands)	**43,665**	43,362	40,237	34,486	27,809
Total Company EBITDA*	**$ 200.3**	$ 165.4	$ 128.8	$ 91.4	$ 64.8
Consolidated Balance Sheets					
Assets					
Resort operations	**$ 813.7**	$ 784.7	$ 699.0	$ 471.5	$ 294.6
Properties – resort	**700.6**	569.3	460.9	296.9	233.6
– discontinued operations	**7.1**	9.6	20.6	27.2	55.2
Other	**434.9**	353.8	311.7	203.6	211.9
Total assets	**$ 1,956.3**	$ 1,717.4	$ 1,492.2	$ 999.2	$ 795.3
Liabilities and shareholders' equity					
Bank and other indebtedness	**$ 1,010.0**	$ 833.2	$ 727.1	$ 417.5	$ 354.8
Other liabilities	**377.9**	372.9	226.6	136.5	79.7
Shareholders' equity	**568.4**	511.3	538.5	445.2	360.8
Total liabilities and shareholders' equity	**$ 1,956.3**	$ 1,717.4	$ 1,492.2	$ 999.2	$ 795.3

*EBITDA=Net earnings before interest, taxes, non-controlling interest, depreciation and amortization.

RAVEN GOLF CLUB AT SOUTH MOUNTAIN, #1 IN SERVICE IN NORTH AMERICA (READER POLL, GOLF DIGEST 2000)

MESSAGE TO SHAREHOLDERS

As we began to prepare this year's message to shareholders, we were challenged to find an original way of saying "Intrawest has, once again, set new records for revenues and earnings." After increasing income from continuing operations for eight consecutive years, the exceptional has become the routine. And yet the corporate evolution that has supported this growth is anything but routine.

Intrawest started as a small urban real estate builder. Over time, we have evolved into North America's largest resort real estate company and largest ski resort operator. More recently we have added new initiatives that in themselves are exciting business entities and, when taken together, give us a capability unique in North America and, we think, the world. And so we are evolving again, faster than before, and with even more momentum.

How do we do it? First and foremost we continue to grow because we are business builders – not merely managers of a legacy created in earlier times. The current management team built all the business elements that make up Intrawest today – from the strategy to the resorts. In building this company, we have employed some basic principles that are now embedded in our culture and will guide us as we grow. As is the case with other companies that have well-established cultures, these principles are so widely understood that they shape the direction of the company on a daily basis, and at every level, without the need to have any explicit reference to them. Four principles of particular importance to Intrawest merit a brief review here.

DON'T FIGHT THE BIG DEMOGRAPHIC TRENDS – RIDE THEM

One of the most difficult decisions we made as a company was to sell our successful urban real estate business in the early '90s so we could concentrate our resources on the resort business. We did it because we saw then, and the evidence continues to mount, that the growing wealth and changing aspirations of the baby boomers and their children, the echo-boomers, would result in dramatic increases in recreation and leisure spending. We saw that our expertise uniquely positioned us to fully exploit this opportunity. This is a very big trend, and one that accelerates throughout this decade.

UNDERSTAND THE FIT BETWEEN THE CUSTOMER'S NEEDS AND OUR BUSINESS ECONOMICS

Meeting the demands of the leisure customer requires different resorts and different vacation experiences than would have sufficed only a decade ago. Guests expect rich and varied experiences. Our resorts must have different elements for different guests, even in the same traveling group. The highest possible utilization of our resorts across each season and even across each day is needed for financial success. The link between our need for an actively used resort and the customer's desire for a range of activities is framed in the challenge we pose to our management: to understand who can come when, seeking what experience. The resulting solutions serve both our customers and shareholders.

CHALLENGE THE STATUS QUO

One of the core values of Intrawest, which our managers are introduced to in the Intrawest Leadership School, is the need to constantly challenge the status quo. This encourages innovation in our business and fosters an entrepreneurial attitude. There is a restlessness in our culture that constantly pushes and prods the status quo until something better emerges. The result is tremendous innovation in our company, and much of this year's message is focused on our new initiatives.

These business-building principles are particularly relevant today because we have more opportunities than ever to pursue. Our core businesses are turning from cash users to cash generators, and the necessary foundation of systems and business practices is either in place or rolling out in the near future. Before describing some of the new opportunities, let us recap some of the business building that has occurred during the past year in the context of our three major strategic objectives.

In the past we have focused on building as many revenue opportunities as we can around our resorts. We are now augmenting that strategy by building as many revenue opportunities as we can around our customer base.

SELL IT – THEN BUILD IT

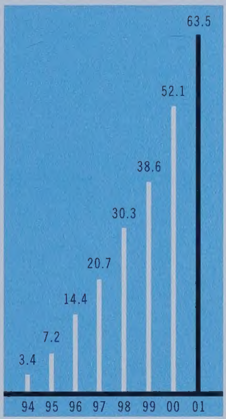
Our risk-averse approach to real estate development has dictated that we successfully pre-sell projects before we build them. More than just good business, this practice of reducing risk in every major decision is part of Intrawest's character. But there is more to this than just a desire to reduce risk. In order to sell a product that does not yet exist, you must have the ability to communicate a compelling vision. This ability, which we have honed for over a decade, has applications beyond real estate. It drives many areas of our current and future business, because so much of what people seek in vacations is not tangible, but experiential.

STRATEGY UPDATE
– 2001 PROGRESS REPORT

Assemble a network of unique geographically diversified resorts and capitalize on the advantages of this network.

We have assembled a geographically diversified network, which offers a range of vacation alternatives, and have achieved critical mass. This generates significant efficiencies. It also provides

support for major marketing and sales efforts, as well as centralized expertise in all functional areas and systems development. The results for fiscal 2000 and 2001 show impressive same-resort growth in EBITDA (earnings before interest, taxes, depreciation and amortization) of 28 per cent and 21 per cent, respectively. The results reflect the benefits realized through our resort network. For example, we have built a sales force capability that is well beyond the resources of a single resort and this capability, together with competitively superior resort experiences, resulted in 86,000 more occupied room nights this past season. Synergies of this type enabled total revenues to grow by 14 per cent in 2001 and operating margins to improve from 21 per cent to 22 per cent in the resort business.



(millions US$)

INCOME FROM CONTINUING OPERATIONS

Apply Intrawest's village-centered business model to all of our resorts.

In previous annual reports we have described our unique village-centered approach to resorts, and later in this report we focus on the growth cycle of a resort as it undergoes our transformation. The big difference today is that all of our resorts have moved beyond the early heavy-investment stage that requires on-mountain facilities and village infrastructure investment. This has extremely positive competitive and financial implications.

• Having completed $447 million[1] in facilities and infrastructure improvements in the past five years, our resorts are very competitive and have the capacity to support growth without further facilities expansion.

• The village infrastructure is largely in place to support real estate development at these villages in the coming years. Consequently our real estate development business, which has been a user of capital, will become a large generator of cash.

• Rising earnings and cash flow, with lower levels of capital spending, will translate into higher earnings and returns on capital, and this should lead to higher enterprise valuations.

Capitalize on our reputation and expertise to build new business with limited capital investment.

In last year's message we described a new model for growth that capitalizes on our expertise and is less capital intensive. We have made substantial headway in this direction.

• Our expertise in resort village development, which is recognized internationally, has become a marketable commodity. We are able to capitalize on this strength by developing resort real estate without large capital investment. Essentially, others bring land and capital to the table; we bring our intellectual expertise and systems. Our village developments in Les Arcs, France; Keystone, Colorado; Squaw Valley, California; and Lake Las Vegas, Nevada are examples of this approach. The recent selection of Intrawest as a development partner by Aspen Skiing Company speaks volumes about our reputation.

• During the year we formed Playground, a new entity that turns our well-established real estate sales expertise into a unique business opportunity. Playground is now offering its expertise to landowners across North America, often combined with other Intrawest services such as golf management, lodging management and commercial rental management.

• Resort Reservations Network (RezRez) continues to expand rapidly and is described more fully later in this report. This is another good example of a capability that we developed internally and, with limited investment, are now taking to other major resorts.

[1] Unless otherwise stated, all dollar amounts in this report are in U.S. dollars.

• The expertise we have developed at Club Intrawest in member services, concierge and reservations has led us to a new opportunity – Resort to Resort. When fully operational this year, Resort to Resort will enable members who have purchased Intrawest condominiums and fractional ownership products to exchange, for example, time in Whistler for time in Sandestin, or time in Stratton for time in Copper. It will also generate more traffic at all our resort villages. This will be an unparalleled advantage of owning an Intrawest vacation home. And once again, this is a business that can be expanded with limited investment.

ENGINES FOR FUTURE GROWTH

Core Businesses

In the coming decade, the expansion of villages at our resorts will drive growth in both of our core businesses – resort operations and real estate. As the delivery of new units ramps up to 2,200 units per year, real estate profit will grow. These new units will increase capacity to accommodate guests, and the introduction of significant new marketing and sales initiatives is expected to drive higher year-round occupancy. This will have a direct impact on visits and revenue. Village expansion also adds shops, restaurants and village activities and this, in turn, will increase revenue from retail sales, sports equipment rentals and commercial rental income. As a consequence of this internal expansion, we forecast strong EBITDA growth in our core businesses over the next three years. We expect this EBITDA growth to outpace growth in interest and depreciation, resulting in a significant increase in pre-tax income. Our competitive strength, the significant barriers to entry, and the loyalty of our guests give us confidence that we can deliver this growth during a time when other companies face formidable challenges.

Emerging Businesses

Intrawest has a remarkable track record of innovation in the leisure business. The village-centered resort that has become our trademark is one of the few major new developments in destination resorts since Club Med pioneered the all-inclusive resort back in the 1950s. The pure points vacation ownership system that Club Intrawest introduced five years ago represented a dramatic departure from the norm and has achieved strong customer acceptance. The techniques we have developed for pre-selling resort real estate through our Playground subsidiary have set us apart and created a new business opportunity. In our central reservations business, RezRez, some of the business processes and technology are so unique that we will be seeking patent protection. It is this track record that gives us the confidence to continue to expand the boundaries of our business.

The largest of our emerging businesses is Club Intrawest. Its membership sales revenues have increased by more than 140 per cent over the past three years. We are particularly encouraged by the growing number of referral sales brought about by the high level of satisfaction among our existing members. We will aggressively expand this powerful business concept by adding new locations and developing new marketing and sales approaches.

Later in this report we describe several of our emerging businesses in more detail. These new businesses serve several purposes: They support our core businesses – RezRez has proven to be a powerful marketing and sales channel for both Whistler and Tremblant; They allow us to leverage our marketable expertise – Playground, for example, exploits our unique selling expertise and creates opportunities for other Intrawest businesses; They provide a foundation for growth

Our core businesses are turning from cash users to cash generators, and the necessary foundation of systems and business practices is either in place or rolling out in the near future.

beyond the near-term horizon; And, they permit a scale of development larger than our own operations could support.

Our objective is to use our unique skills and resources to generate a flow of new leisure offerings for the affluent and active customer base that is our target. In the past we have focused on building as many revenue opportunities as we can around our resorts. We are now augmenting that strategy by building as many revenue opportunities as we can around our customer base. These new revenue opportunities tend to be marketing or service intensive but less capital intensive, which serves the financial objective of having revenues grow substantially faster than assets.

Our customers come from all age groups – from the youngest children to empty nesters – but they tend to share common backgrounds in terms of education, work, interests and where they live (and play). They live very busy lives and although there are an overwhelming number of travel and leisure choices available on the Internet, they have little time to sort through this information. There is a major opportunity to provide this customer group with fully assembled vacations, pre-selected to meet their needs and preferences. We have already established a relationship with many of these customers and are well positioned to become their source for leisure experiences in the same way that they trust other advisors to assist them with various aspects of their lives. We are one of the few companies in the leisure/travel world that participates in all facets of the vacation experience – travel booking, accommodation and the creation and management of recreational experiences. We are uniquely qualified to take the leadership position as the preferred supplier to the most valuable customers in the North American leisure market.

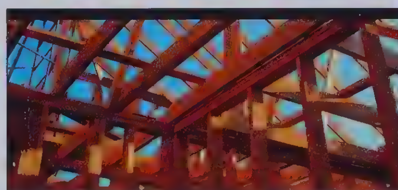
The new directions within Intrawest are both evolutionary and revolutionary. They are evolutionary because they build on well-established expertise and business-building principles. They are also revolutionary because we believe that the combined effect of our emerging businesses, together with a much more comprehensive relationship with our customers, will reposition Intrawest as one of the leading leisure companies worldwide. For the coming year, we are very confident we will stretch our record to nine consecutive years of earnings growth despite the economic environment. We have a strong financial position. And we have the talent throughout our company to become one of the world's leading fully integrated leisure companies.

JOE HOUSSIAN
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

DAN JARVIS
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

CORE BUSINESS GROWTH

As investors learn more about our business model they often ask: "Where are your resorts on the growth cycle?" Resort development is a dynamic process that involves four distinct growth waves accompanied by increasing profits. By the fourth wave, a resort has all the elements it needs to generate rich and diverse vacation experiences and steady returns to our shareholders. All our properties have emerged from the first, most capital-intensive wave. Some are just entering the second wave, characterized by the initial stages of village development; others are well along and have taken shape as village-based resorts. It is evident from the schematic below that the economic benefits of the village-based business model are only beginning to be realized and there are many years of growth ahead.

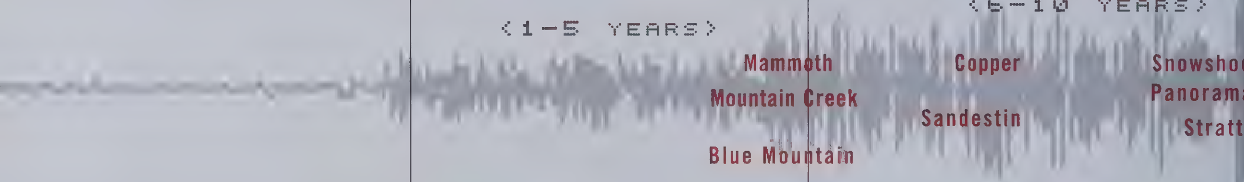


WAVE >> 1

<1–5 YEARS>

WAVE >> 2

<6–10 YEARS>

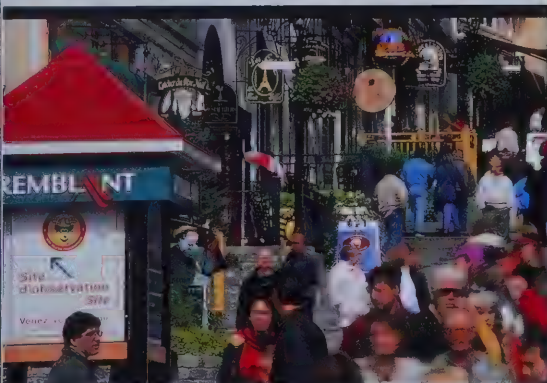


Starting Point: A diamond in the rough is how many of Intrawest's resorts begin. When Intrawest first becomes involved with a resort, its operations are usually generating a flat or declining return on capital and visitation is low. The majority of guests come from the immediate area and guests stay for limited time periods, often only a day. Activities, attractions and entertainment beyond the ski hill or beach are limited. At this stage, significant investments in infrastructure and facilities are required.

Action: A master plan is created, paying special attention to preserving and accentuating the culture and community that make each resort unique. A documented vision for the resort is the first step in the transformation. To make the vision real, the guest experience is heightened in the most immediate way possible. This requires heavy capital investment and may include new lifts, expanded terrain or a new golf course.

Starting Point: Village development is stepped up. Destination guests, those coming from outside the local region, start visiting, stay longer and spend more. This stage shows a gradual increase in the return on investment, while revenue, now a balance between real estate and operations, improves. Cash flow is neutral as investments in infrastructure and facilities continue.

Action: It is now critical to build warm beds – accommodation in the heart of the village that is rented out throughout the year – so that guests can enjoy the resort for longer periods. As the village emerges, it brings with it shops, restaurants and entertainment that attract even more people. This leads to the demand and development of year-round facilities.



WAVE >>3

<11-15 YEARS>

Tremblant

tarting Point: Dramatic increase in the percentage of destination isitors drives occupancy and room rates. The market for resort real state surges. In only five years, real estate demand at Tremblant ıcreased prices per square foot by 79 per cent. Revenue increases ignificantly as does return on capital. The village is well established nd offers commercial experiences and 24-hour entertainment. Cash ow is strong as profitability goes up and capital investment equirements diminish.

ction: Village expansion is underway and year-round facilities emerge. he resort is alive with activities and Intrawest is focused on providing a ailored experience for every guest segment. Attention to detail creates nforgettable memories.

WAVE >>4

<15+ YEARS>

Whistler Blackcomb

Starting Point: The resort is transformed. Destination guests are visiting year-round, contributing to the resort's financial critical mass, and spending per guest has grown. Revenue per dollar of invested capital has grown significantly, driven primarily by resort operations, and return on capital surpasses 20 per cent. Capital investment requirements are limited and free cash flow is strong. Since acquisition, Blackcomb's cash flow has increased at an annual compound growth rate of 22 per cent

Action: As the resort moves into the last stage of its transformation, there is no end point. Intrawest continues to develop new ways to elevate the guest experience, infuse animation into every hour of every day and ensure that this destination lives up to its title as a Great Playground of the Western World.

EMERGING BUSINESSES. THE NEXT GROWTH WAVE.

As we continue to find new ways to excite our visitors, new ways to apply our expertise and new ways to grow our business, something remarkable happens.

Other related businesses emerge, complementing our core business and adding revenue opportunities. This environment enables us to attract and retain talented executives and is providing the foundation to evolve into a broadly based leisure company.

rezrez.com the world's best vacation planner

In 1998 we developed a new central reservations division designed to offer our guests one-stop shopping to plan and book their vacation over the phone or via the Internet.

With an integrated call center and online travel planning and booking, which offered quality service through a comprehensive reservations system, we initially focused on generating destination travel to Whistler and Tremblant. As our success continued to grow in these resort areas, we realized that no other service was providing the depth of information that allowed travelers to customize their travel and fully plan and then book all of their vacation needs from accommodation, airline bookings, car rentals, lift passes, ski rentals and ski lessons. Pre-set packages were also made available for those customers who just needed simplicity in their planning. We called this new venture Resort Reservations Network and one-stop destination travel shopping was born.

Resort Reservations Network has a vision to be the leading travel solution for the world's top destinations. We've taken this unique concept from Whistler and Tremblant and launched it to resorts and other travel destinations outside the Intrawest network. We now represent destinations including Copper, Breckenridge and Keystone in Colorado; Vancouver, British Columbia; Puerto Vallarta, Cancun and Riviera Maya in Mexico; and St. Lucia in the West Indies. With more than 100 employees and new destinations launching every few months, this business is on a solid growth path.

PLAYGROUND AN INTRAWEST COMPANY

Formed in 2000 and officially launched in February 2001, Playground is one of our newest emerging businesses. Playground is in the business of marketing and selling resort real estate for Intrawest and others.

Over the past 10 years we have developed a proprietary methodology within the resort real estate group that we now call our " branded way of selling". This methodology enables us to mitigate risk and pre-sell significant amounts of real estate at premium prices. At the end of August 2001, we had pre-sales of more than $600 million that will close over the next 18 months.

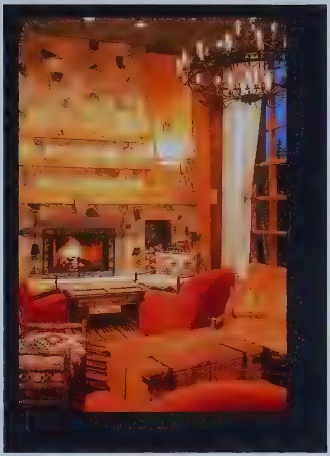
As our reputation in the industry has grown, we have experienced growing demand from partners and others to sell for them. We have, of course, been reticent to share our proprietary methods. Now we have gained confidence that we can protect our franchise and reap the benefits of doing this business for others. By leveraging our expertise, we are entering a business that requires minimal capital investment while producing significant returns.

As Playground moves forward with sales at Intrawest resorts, it is fielding calls from some of the continent's premier

developers. While developers are initially drawn to us by our ability to pre-sell, it is the possibility of premium prices that seals the transaction.

IntrawestGolf

The golf industry is on the brink of dramatic change. Today there are more than 21,000 golf courses in North America and no single company owns or manages more than 300. Unfortunately for many of these facilities, the sport's greatest strength may also be its principal weakness – tradition. This is reflected in the attitude of "that's the way we have always done it." We also encountered this in mountain resorts before we engineered the transition from uphill transportation to a 21st century resort business with multiple, interlocking revenue streams.



Intrawest Golf is well positioned to take advantage of the vast opportunities for synergy and profitability in this business for several reasons:

• Intrawest's branded business system, which we have successfully transferred from the mountains to golf, is leading-edge in the resort world. The application of processes ranging from financial measurement, staff scheduling, database management and marketing planning, is providing Intrawest Golf with significant gains in productivity.

• Intrawest Golf owns the Raven Golf brand, a network of high-end, daily-fee courses committed to providing discerning players with high-quality golf experiences. Designations such as "#1 in Service in North America" by *Golf Digest* are testaments to this commitment. Our goal is to make the Raven brand known to golfers worldwide as the finest network of public-play golf courses in the business. As of July 2001 we have five Raven courses and the infrastructure for an additional three already in place.

• As a separate and distinct business unit, Intrawest Golf is nimble enough to respond quickly to opportunity while also having access to the millions of resort-customer relationships we have established during the past 15 years.

• Finally, Intrawest Golf has created a strategic growth model similar to that of Intrawest's, which leverages unique expertise to establish third-party, non-equity partnerships. With our sights set on three to four new management partnerships per year, Intrawest Golf is working at a pace that will allow us to both quality-assure our product, and to fill the management and staffing positions that will be created through this growth.

CLUB INTRAWEST

For us, innovation doesn't necessarily mean an entirely new concept. It can be a unique approach to an old idea. But it has to be the right approach at the right time. With Intrawest Resort Ownership Corporation (IROC), our approach to vacation ownership was the right one and our timing is paying off.

In 1994 Intrawest developed a unique points-based vacation ownership concept called Club Intrawest and launched a new company, IROC, to operate it. The first vacation club location was built at Whistler and word started to spread. When the Tremblant club location was built, the excitement grew. The new concept does not limit members to a pre-determined time for their vacation, nor does it limit them to the length of time, location or accommodation type. Members are free to use their points in the way that suits them best. From the outset, Club Intrawest represented a new approach to designing and offering vacation ownership.

Today IROC has eight locations, offering five-star accommodation at some of the world's premier four-season vacation destinations, and more than 9,000 members.

Club Intrawest is at the leading edge of the vacation ownership business. Innovation and a desire to deliver the best possible experience, again and again, will keep us there.

INTRAWEST'S PLAYGROUNDS

A QUICK LOOK

171	lifts (54 high-speed)
16,465	acres of terrain
28,606	restaurant seats
200	retail and rental shops
6,225	lodging units
19	championship golf courses
20,000	units of potential long-term development
16.5%	equity, Compagnie des Alpes, Europe

MOUNTAIN RESORTS

Compagnie des Alpes, France *ANOTHER WORLD OF POSSIBILITIES*

www.compagniedesalpes.com

Intrawest owns 16.5 per cent of Compagnie des Alpes (CDA), the largest ski company in the world in terms of skier visits. CDA's market, composed of 35 million European skiers or nearly 250 million skier visits per year, is growing by two to three per cent annually. In 2000/2001 CDA's sales were 22 million euro, with over 13 million skier visits. CDA has an ownership interest in some of the largest ski areas in Europe in resorts with international renown: Tignes, Méribel, La Plagne, Les Menuires, Les Arcs, Peisey-Vallandry, Chamonix and Le Grand Massif in France, Courmayeur in Italy and Verbier in Switzerland.

Sandestin Golf and Beach Resort, Destin, Florida *UNLIMITED FUN FROM GULF WAVES TO FAIRWAYS*

www.sandestin.com

Sandestin Golf and Beach Resort is an award-winning 2,400-acre full-service resort located in northwest Florida on the breathtaking Gulf Coast. With 7.5 miles of sugar-white beaches and pristine bayfront property, Sandestin has been noted as the premier resort destination on the Gulf Coast. The resort features 750 beautiful guest units and 33,000 sq ft of flexible function space. Amenities include four championship golf courses, 15 tennis courts, a 98-slip marina, health club, salon and day spa, swimming pools, Jolee Island Nature Park, festival marketplace, 18-hole putting course, waterfront dining, and children's programs. The Village of Baytowne Wharf will sit on 28 acres around the existing Baytowne Marina, and draw upon the Spanish, French and New England fishing village influences of the region. The Village's first phase will open in 2002 and feature quaint boutiques, eateries, galleries and nightlife.

Canadian Mountain Holidays, Alberta *THE ULTIMATE EXPERIENCE*

www.cmhinc.com

Heli-skiers say that finding the perfect run is like skiing on a cloud. Intrawest owns 45 per cent of Canadian Mountain Holidays (CMH), the world leader in heli-skiing. CMH's "runs" encompass over 12,000 sq miles and are enjoyed by 7,000 skiers annually. Several times the size of its next competitor, CMH is the only heli-ski operator in the world to build remote mountain lodges accessible only by helicopter. With some of the world's most experienced mountaineers, CMH offers unparalleled access to a massive wilderness of wild and rugged mountains both winter and summer. Over 70 per cent repeat bookings speak to the mountain of satisfied visitors who can attest to CMH's unmatched worldwide reputation for service.

Whistler Blackcomb, British Columbia *NORTH AMERICA'S MOST POPULAR MOUNTAIN RESORT* www.whistlerblackcomb.com

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Consistently rated among North America's best, Whistler Blackcomb's reputation is irrefutably well-earned – 5,280 vertical feet, 7,071 acres of prime skiable mountain terrain, 12 alpine bowls, three glaciers and more than 200 marked trails accessed by 33 state-of-the-art lifts. The resort also has an enchanting pedestrian-only base village alive with festival entertainment, colorful shops, cozy bistros and over 115 contemporary hotels and condominiums including the new Westin Resort & Spa, the Fairmont Chateau Whistler Resort and The Pan Pacific Lodge.

Panorama Mountain Village *CANADIAN ROCKIES SCENERY AT ITS BEST* www.panoramaresort.com

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Framed by the Canadian Rockies and the ancient Purcell mountains, Panorama will take your breath away. With over 4,000 vertical feet and more than 2,700 acres of some of Canada's most exciting terrain, Panorama boasts the highest vertical in the Canadian Rockies region. Four distinct neighborhoods linked by pedestrian pathways and a village gondola, a 6,000-sq ft heated slopeside waterpark and Greywolf, Panorama's 18-hole championship golf course awarded "Best New Golf Course in Canada," all add up to a great lineup of fun, on and off the slopes, summer and winter.

Tremblant, Quebec *QUEBECOIS JOIE DE VIVRE* www.tremblant.ca

6

The #1 ski resort in eastern North America boasts 92 runs, a heated gondola and the world's finest snowschool programs. This four-season playground also offers golf, hiking, rock climbing, tennis, mountain biking, inline skating, horseback riding, water sports and a spa. While the soul of Tremblant is the mountain, the heart is the village – with 75 shops and restaurants, a cinema, an indoor/outdoor swimming and health club complex, and a kids' club, along with premier hotels. All year long, events and festivals reflect Tremblant's irrepressible joie de vivre.

Mont Ste. Marie, Quebec *EXPERIENCE IT* www.montstemarie.com

7

Mont Ste. Marie, nestled in the heart of the Gatineau hills, is truly the "Only Real Mountain Experience in the Outaouais." More than 1,200 vertical feet of skiable terrain offer beautiful views and a vibrant energy, while two high-speed quad lifts, 25 trails, terrain parks, contoured grooming and glades make for the best of the Gatineau region's riding experience. An equally inviting summer season offers an 18-hole championship golf course, mountain biking, hiking and world-class fishing. Whatever the time of year, when it comes to Mont Ste. Marie, you just need to experience it.

Mammoth, California *CALIFORNIA'S FAVORITE MOUNTAIN PLAYGROUND* www.mammothmountain.com

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The name says it all: 36 lifts, 3,500 skiable acres, a 3,100-foot vertical drop and more than 30 feet of snow per year in the heart of the Eastern Sierra mountain range. Countless options range from gentle groomed runs to steep chutes for winter athletes, while summer recreation includes an 18-hole championship golf course, world-class mountain biking, fishing and more. Three neighborhoods totaling over 2,000 lodging units and 116,000 sq ft of commercial space will soon establish Mammoth as the heart of the Eastern Sierra experience.

Snowshoe Mountain, West Virginia *FOREVER WILD*

www.snowshoemtn.com

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Nearly a mile high in the Allegheny Mountains of West Virginia in one of the East's last great wilderness areas, Snowshoe Mountain combines ski-town atmosphere with southern hospitality for a charm all its own. With superior regional conditions, challenging terrain and continuing capital investment, Snowshoe Mountain has garnered both regional and national acclaim. By 2005 a mountaintop village of 600 homes and 100,000 sq ft of restaurants, shops and specialty stores will add to the existing appeal of this already growing resort community. With 1,500 accommodation units and 78,000 sq ft of commercial space already built and more on the way, Snowshoe is a growing destination resort that will remain forever wild.

Mountain Creek, New Jersey *WITHIN A 90-MINUTE DRIVE OF 22 MILLION PEOPLE*

www.mountaincreek.com

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With recent improvements marking the beginning of a complete transformation, this New York Metro/New Jersey region four-season resort is quickly becoming the premier resort in the area. Mountain Creek's forthcoming base-of-the-mountain pedestrian village, 44 existing trails, state-of-the-art snowmaking system and 11 lifts are putting this resort on the top of the list for skiers throughout the region. In the summer and fall, Mountain Creek transforms into a mecca of extreme sports and waterpark rides that maximize the natural mountain setting. This impressive 80-acre summer facility features attractions to provide unforgettable experiences for children and their families.

Copper, Colorado *WHERE THE SKIERS SKI*

www.ski-copper.com

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It's clear why Copper is the #1 choice of so many Colorado skiers and riders. Naturally divided for all abilities, it offers steep terrain to the east, gentle slopes to the west, intermediate terrain through the middle and some of the best bowl skiing in the state. Three recently completed base villages have quickly redefined the Copper experience. A new kids-only base lodge – The Schoolhouse – has transformed the Union Creek base area, as have Copper Springs Lodge and the Copper Station base lodge in the East Village. And, completed last season, The New Village at Copper is alive and well, offering a Copper experience like never before. Five new buildings possessing a variety of lodging opportunities, restaurants, bars and shops now sit at the base of the mountain.

Stratton, Vermont *THE BIRTHPLACE OF SNOWBOARDING*

www.stratton.com

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Year-round visitors to Stratton, located in the picturesque Green Mountains of southern Vermont, are drawn to its prime skiing and snowboarding conditions, well-known golf school, and tennis academy. More than US$50 million has been invested to improve the guest experience, ranging from new high-speed six-passenger lifts, increased snowmaking and gold-medal grooming to a revitalized village featuring heated walkways, redesigned storefronts and patios, and a new standard in slopeside living and lodging. With the completion of the first phase of Stratton's Vermont mountain community set around The Commons, Stratton offers an authentic New England experience where warm welcomes and friendly faces meet state-of-the-art facilities.

Blue Mountain, Ontario *AN EXCITING ERA OF GROWTH*

www.bluemountain.ca

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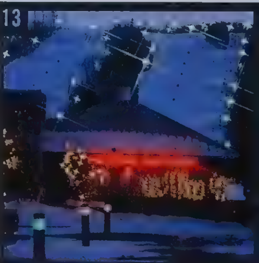

Building on its established reputation for progressive initiatives, Blue Mountain continues to evolve from a winter playground into a year-round destination resort. The opening of the 187-unit Grand Georgian in December 2001 marks the start of this great new era. The nationally ranked Monterra Golf Course, seven-acre private beach on Georgian Bay and more than 60,000 sq ft of conference facilities, all within 90 minutes of the largest population base in Canada, position Blue Mountain firmly in the four-season category.

The Village at Squaw Valley USA, California *IMAGINE NEVER HAVING TO LEAVE*

Imagine an intimate pedestrian village surrounded by 4,000 acres of skiable terrain, wide open bowls spanning six Sierra peaks, 300 days of classic California sunshine and the most advanced lift systems in North America. This 2001/2002 winter season, the first phase of The Village at Squaw Valley USA will come alive with a world-class collection of dining, shopping, nightlife, entertainment and accommodation. The approved master plan consists of approximately 600 mountain homes and 75 shops and restaurants. Located just 10 minutes from Lake Tahoe, within 200 miles of three major cities, and just 45 minutes from the Reno/Tahoe International airport, Squaw Valley USA will soon become a true year-round destination resort. Now imagine never having to leave.

The Village at Solitude, Utah *THE EXCLUSIVE MOUNTAIN PARADISE*

The Village at Solitude's quaint European Alps mountain charm matches the promise of the mountain. Only 40 minutes from Salt Lake City International airport, this mountain sanctuary is one of the most sought-after, but least-attainable, addresses in Big Cottonwood Canyon; no more than 250 mountain homes are permitted. Two of the five buildings in this exclusive ski-in, ski-out village are complete. Once finished, the Village at Solitude will offer a high-touch, intimate mountain experience that will catch your breath – an experience like no other.

Keystone Resort, Colorado *THE NATURE OF THE ROCKIES*

This estimated US$1 billion development, a partnership between Intrawest and Keystone's owner, was awarded "Best Community Site Plan" by *BUILDER* magazine. The approved master plan for the new Keystone Resort includes more than 4,500 homes to be located in six neighborhoods: Settler's Creek, Ski Tip Ranch, River Run Village, Mountain House, Keystone Village and Elk Run at the River Course at Keystone. The entire community will also include two championship 18-hole golf courses, a community center, restaurants and retail shops, and a network of pedestrian and bike trails. Ranches, historic western towns, mining and mountain lodges influence the architecture throughout this unique resort.

MonteLago Village, Nevada *EUROPEAN FLAIR WITH NATURAL ENERGY*

Intrawest is building a Mediterranean-style village on Lake Las Vegas, in coordination with The Ritz-Carlton Hotel Company and the owners of the Lake Las Vegas Resort. MonteLago Village will also include a 350-room luxury Ritz-Carlton hotel, approximately 800 luxury condominium units, a 40,000-sq ft casino, specialty restaurants and cafes. The new European village, together with the world-class golf facilities, white sandy beaches, a mile of lakeside walkways, and harborside boat docks, will elevate this already popular resort into another "must-see" attraction in Nevada.

The Village at Les Arcs, France *INTERNATIONAL ALLURE WITH LOCAL CHARM*

Already a well-visited resort with 1.5 million skier visits annually, Les Arcs is located in the Savoie region of eastern France beside La Plagne, and belongs to the most popular mountain resort area in the world. Through its partnership with Compagnie des Alpes, Intrawest will build a European-style village with 800 residential units, indoor and outdoor spas, slopeside pools, traditional and lively landscaped plazas, and 50,000 sq ft of commercial space including restaurants, cafes and retail stores. Nestled at the tree line where the snow first falls, this 550,000-sq ft village overlooking Mont Blanc, Europe's highest mountain, will be Intrawest's first village development outside North America. Development is scheduled to begin in spring 2002.

(All dollar amounts are in United States currency, unless otherwise indicated)

KEY FINANCIAL OBJECTIVES

The Company's key financial objectives for fiscal 2001 and the years ahead are clearly defined.

- Maintain earnings per share growth of about 20% per annum.
- Increase resort operation revenues and profit margins as villages are built out.
- Move from a high capital investment strategy to a free cash flow position as resort operations EBITDA increasingly outpaces spending on capital improvements and the ramp up in real estate production levels off.
- Leverage in-house expertise and third-party capital to carry out new business opportunities.
- Maintain a conservative risk profile in both the operations and real estate businesses.

The Company believes it was successful in meeting each of these financial objectives in fiscal 2001. Operating results were records for both ski and resort operations and real estate. Resort operations capital spending declined again in 2001, as it had in 2000. New investment in real estate reached a peak in 2001 and is expected to decline in 2002, moving the Company towards a free cash flow position. The Company's recognized expertise continued to attract third-party interest, such as the recently announced real estate joint venture at Snowmass and the expansion of its call center business, Resort Reservations, to new destinations. This progress has been achieved while the Company has continued to apply its risk mitigation strategies, for example pre-selling real estate and reducing seasonality in resort operations.

OPERATING HIGHLIGHTS

The operating highlights for the year include:

- A 13.9% increase in total revenue from $810.5 million to $922.8 million, with ski and resort revenue increasing 10.0% and real estate sales revenue increasing 21.6%.
- A 22.0% increase in income from continuing operations to $63.5 million and a 20.8% increase in income per share from continuing operations to $1.45.
- A 21.1% increase in Total Company EBITDA from $165.4 million to $200.3 million. Total Company EBITDA is computed as income before interest (including previously capitalized interest in real estate cost of sales), taxes, non-controlling interest, depreciation and amortization.
- A 15.6% increase in operating profit from ski and resort operations to $108.3 million and a 28.4% increase in operating profit from real estate sales to $76.5 million.

REVIEW OF SKI AND RESORT OPERATIONS

The following table highlights the results of the ski and resort operations business.

	2001	2000	Change
Skier visits (note)	**6,237,000**	5,642,000	10.6%
Revenue (millions)	**$492.2**	$447.4	10.0%
EBITDA (millions)	**$108.3**	$ 93.7	15.6%
Margin	**22.0%**	20.9%	

Note: All resorts are at 100% except Mammoth at 59.5% and Blue Mountain at 50%.

Revenue from ski and resort operations increased 10.0% from $447.4 million in 2000 to $492.2 million in 2001. This growth was achieved on a same-resort basis. Revenue from mountain resorts increased 11.1% from $389.8 million to $433.1 million while revenue from warm-weather resorts increased 2.8% from $57.5 million to $59.1 million.

Mountain Resorts

The $43.3 million increase in mountain resort revenue was due to:

	($millions)
Increase in skier visits	34.1
Increase in revenue per skier visit	7.0
Increase in non-skier visit revenue	9.0
Impact of exchange rate on reported revenue	(6.8)
	43.3

Skier visits increased 10.6% from 5,642,000 in 2000 to 6,237,000 in 2001. A number of factors contributed to this growth, including:

- A 12% increase in the available accommodation base across the Company's resorts.
- A return to more normal Christmas and January travel patterns compared with the Y2K-impacted travel patterns last year.
- A 23% increase in the number of season passes and frequency cards sold during the year from 153,000 to 188,000.
- Positive weather conditions in the East that resulted in a 19.6% increase in skier visits across the Company's six eastern resorts.

Every resort showed an increase in skier visits in 2001 except for Whistler Blackcomb, which experienced a decline in local and season pass visits. (The increased proportion of destination visits at Whistler Blackcomb produced a 12.4% increase in revenue per visit at that resort). The opposite trend was experienced at many of the other resorts, which saw a significant increase in local and regional visits due to generally excellent snow conditions throughout the season. The increase in skier visits was estimated to increase mountain resort revenue by $34.1 million.

Revenue per skier visit increased from $57.29 in 2000 to $58.42 in 2001 (after adjusting prior year revenue for the impact of the reduction in the Canadian dollar exchange rate). Revenue per skier visit is a function of ticket prices and ticket yields, and revenue from non-ticket sources such as retail and rental stores, lodging, ski school and food services. Ticket yields reflect the mix of ticket types (e.g., adult, child, season pass and group), the proportion of day versus destination visitors (destination visitors tend to be less price sensitive), and the amount of discounting of full-price tickets. Revenue per visit from non-ticket sources is also influenced by the mix of day versus destination visitors, the affluence of the visitor base, and the quantity and type of amenities and services offered at the resort.

The increase in revenue per visit in 2001 (i.e., 2.0%) was less than the increases in revenue per visit the Company has achieved in the past few years (average annual increase on a same-resort basis of 11.8% from 1997 to 2000), due substantially to the large increase in regional and local visits, notably at Tremblant, Blue Mountain, Mountain Creek and Copper. Regional and local guests typically generate lower revenue per visit since they purchase discounted tickets and spend less on non-ticket items. The increase in revenue per visit was estimated to increase mountain resort revenue by $7.0 million in 2001.

For the purposes of this analysis, non-skier visit revenue comprises revenue from golf and other summer activities and revenue from businesses such as Resort Reservations, Alpine Helicopters and Breeze/Max, which do not have skier visits. Revenue from golf and other summer activities increased 8.1% across the mountain resorts, led primarily by strength at Tremblant, Copper and Whistler Blackcomb. The Company's central reservations business, Resort Reservations, expanded its operations into Summit County during the year and increased its bookings into Whistler, leading to a 49.6% growth in revenue. Since year end, Resort Reservations has expanded into Puerto Vallarta and St. Lucia and additional destinations are under review. Revenue at Alpine increased 12.3% due to strong growth in heli-logging

and heli-hiking business, and revenue at Breeze increased by 13.7% due to improved ski conditions in Colorado, particularly at the start of the season. Overall, non-skier visit revenue increased by $9.0 million in 2001.

Mountain resort revenue was impacted negatively by $6.8 million in 2001 because of the decline in the value of the Canadian dollar. In 2001 revenue from the Canadian resorts was translated for financial statement reporting purposes at an average rate of Cdn.$1.52 to U.S.$1.00 compared with an average rate of Cdn.$1.47 to U.S.$1.00 in 2000.

Warm-weather Resorts

Revenue from warm-weather resorts (mainly operations at Sandestin and the Raven golf courses in Arizona) increased by $1.6 million to $59.1 million. The opening of a new golf course at Three Peaks in Colorado during 2001 added $0.6 million of revenue. Revenue at Sandestin increased 3.5% due mainly to a 4.6% increase in occupied room nights. Revenue at Raven decreased 3.6% in 2001 due mainly to abnormally wet and cold weather in Arizona during the period from October to December. The number of golf rounds played at the Arizona courses decreased by 7.2% in 2001, however revenue per round was 4.3% higher.

Revenue Breakdown and EBITDA

The breakdown of ski and resort operation revenue by source was as follows:

	2001 Revenue (millions)	2000 Revenue (millions)	Increase (decrease) in revenue (millions)	Percentage Increase (%)
Mountain operations	**$ 192.2**	$ 177.1	$ 15.1	8.5
Retail and rental shops	**84.0**	72.8	11.2	15.4
Food and beverage	**65.4**	60.1	5.3	8.8
Lodging and property management	**58.0**	48.8	9.2	18.9
Ski school	**29.8**	25.8	4.0	15.5
Golf	**31.7**	30.9	0.8	2.6
Other	**31.1**	31.9	(0.8)	(2.5)
	$ 492.2	$ 447.4	$ 44.8	100.0

- Mountain operation revenue comprises revenue from lift tickets and from Alpine's operations. Since 1995 the proportion of revenue from mountain operations has fallen from 52.6% to 39.0%. This trend is likely to continue as the villages are built out at the Company's resorts, expanding the inventory of lodging units and changing the customer mix in favor of destination visitors who spend more on retail and rental, ski school, and food and beverage. The 8.5% increase in revenue during the year reflects the 10.6% increase in skier visits, partially offset by a 1.9% decline in average revenue per ticket due mainly to the large increase in regional and local visits.
- The 15.4% increase in retail and rental revenue was due mainly to the opening of new stores in Copper, Stratton, Snowshoe and Whistler Blackcomb, and higher rental revenue at the destination-oriented resorts and at the Breeze/Max stores.
- The 8.8% increase in food and beverage was due to the opening of new restaurants in Copper and Snowshoe and the increase in skier visits, tempered somewhat by a reduction in revenue per visit due to changes in customer mix.
- The 18.9% increase in lodging revenue was driven by a 15.7% increase in occupied room nights.
- The 15.5% increase in ski school revenue was due to a higher number of lessons and greater weighting of higher-priced private lessons, particularly at Whistler Blackcomb, Tremblant, Copper and Mammoth.
- Golf revenue at the mountain resorts increased 4.3% due mainly to increased rounds at Tremblant, Copper and Mammoth, partially offset by reduced rounds at Stratton. Golf revenue at the warm-weather resorts increased 1.7% as revenue from the new course at Three Peaks and increased revenue at Sandestin were partly offset by reduced revenue at Raven.
- Other revenue mainly comprises revenue from community services, such as snow clearing, telephone service, utilities and employee housing, and revenue from miscellaneous activities. The decline in other revenue in 2001 was mainly due to the waterpark at Mountain Creek, which experienced the coldest, wettest summer in 40 years resulting in $1.1 million less revenue.

Ski and resort operation expenses increased 8.5% from $353.7 million in 2000 to $383.9 million in 2001. Operating expenses at the mountain resorts increased 9.2% compared with the 11.1% increase in mountain resort revenue. The Company instituted a number of initiatives in 2001 to reduce or better control its expenses, particularly in labor which accounts for about 40% of total expenses. Operating expenses at the warm-weather resorts increased 4.7% compared with the 2.7% increase in revenue. Start-up expenses at the new golf course at Three Peaks exceeded revenues generated by the course, and certain costs, for example group health benefits, irrigation costs and property taxes, increased significantly in 2001.

EBITDA from ski and resort operations increased 15.6% from $93.7 million in 2000 to $108.3 million in 2001. The EBITDA margin was 22.0% in 2001 compared with 20.9% in 2000. The margin at the mountain resorts increased from 21.8% to 23.2%, due mainly to improved margins in mountain operations, retail and rental, and ski school. The increase in visits against a relatively fixed cost structure led to the improved margin in mountain operations. The increased visits also impacted the margin in retail and rental and, in addition, there was a shift in mix from lower-margin retail business to higher-margin rental business in 2001. The improved ski school margin resulted mainly from increased destination business to Whistler Blackcomb, Tremblant, Copper and Mammoth. The margin at the warm-weather resorts decreased from 14.9% to 13.2%. In its first partial year of operation the golf course at Three Peaks incurred a loss that reduced the overall warm-weather resort margin in 2001 from 14.3% to 13.2%. The Company expects margins going forward to increase at both the mountain resorts and the warm-weather resort as its villages mature, driving higher mid-week destination visits, and as it takes further advantage of economies of scale.

REVIEW OF RESORT REAL ESTATE OPERATIONS

The following table highlights the results of the real estate business.

	2001	2000	Change
Units closed	**1,279**	1,317	(2.9%)
Revenue (millions)	**$415.3**	$341.5	21.6%
Operating profit (millions)	**$ 76.5**	$ 59.6	28.4%
Margin	**18.4%**	17.5%	

Revenue from the sale of real estate increased 21.6% from $341.5 million in 2000 to $415.3 million in 2001. The increase was due mainly to sales price increases in the traditional real estate business and to significantly higher revenue in the resort club (timeshare) business. Real estate revenue increased 44.1% at the Company's Canadian resorts and 14.1% at its U.S. resorts.

A total of 539 units were closed at the Company's Canadian resorts in 2001 compared with 443 units last year. Most of the increase was at Tremblant where several projects, including the 126-unit Westin Royal, completed construction during the year. The average price per unit increased 18.5% from Cdn.$286,000 in 2000 to Cdn.$339,000 in 2001, reflecting unit type and resort mix as well as price escalation.

The Company closed 740 units at its U.S. resorts in 2001 compared with 874 units in 2000. The same resorts contributed revenue in each year, however relatively more units were closed at Mammoth and Stratton in 2000 because of the timing of construction completion. In addition, when Intrawest purchased Sandestin in July 1998 the assets included 249 units under construction, all of which were closed in 1999 and 2000. The average price per unit was $403,000 at the U.S. resorts in 2001 (after adjusting the number of units for the impact of joint ventures at Keystone and Sandestin), up from $292,000 in 2000. Relatively more units were closed at the resorts with higher real estate prices in 2001. In addition, a number of deluxe townhome and condo-hotel projects closed in 2001.

The Resort Club generated $36.9 million in sales revenue in 2001, up 26.4% from $29.2 million in 2000. The increase was attributable to a 25.3% increase in the number of points sold and a 3.0% increase in the average price per point. Revenue from member referrals and add-on points increased 45.1% in 2001 to $10.1 million, reflecting high member satisfaction and growing acceptance of the Resort Club's unique points system.

Operating profit from resort real estate sales increased 28.4% from $59.6 million in 2000 to $76.5 million in 2001. The profit margin was 18.4% in 2001 compared with 17.5% in 2000. The improvement in margin was due to a number of factors, including:

- The closing of relatively more single-family lots in 2001 (21% of units closed) than in 2000 (13% of units closed). Single-family lots generally have margins of 30% or more, compared with margins of about 18% for townhomes and condo-hotel units.
- The high margin achieved on some deluxe townhomes in 2001 at Whistler Blackcomb and Stratton.
- Improvements in control over construction and development costs. The Company has continued to enhance its working relationships with general contractors at its more recently acquired resorts, resulting in construction cost savings. In addition, a standardized approach to project design, contract negotiation and construction monitoring has continued to reduce cost overruns.
- An improvement in the Resort Club margin from 16.9% to 19.4% due to the increase in member referral and add-on sales, which have a lower marketing and sales cost than other sales.

As at August 31, 2001, the Company had pre-sold 1,115 units for approximately $385 million, which it expects to close in fiscal 2002. In addition, the Company had pre-sold a further 533 units for approximately $230 million due to close in fiscal 2003. Intrawest follows a conservative accounting policy for real estate sales and does not recognize any revenue until title to a completed unit has been transferred to a purchaser and the Company has received the full cash proceeds. The Company's strategy of pre-selling real estate projects before the start of construction reduces market risk and increases the predictability of real estate earnings.

Capitalization of Costs to Real Estate

Standard real estate accounting practice requires that all costs in connection with the development of real estate be capitalized to properties under development and then expensed in the period when the properties are closed and the revenue is recognized. Such costs include land and building costs as well as overhead costs of personnel directly involved in the development, construction and sale of real estate, and interest on debt used to fund real estate costs. The capitalized interest comprises interest on specific real estate debt (i.e. construction financing) and interest on the portion of general corporate debt used to fund real estate development expenditures.

The amount of costs capitalized to properties under development and sale increased from $542.7 million at June 30, 2000 to $658.3 million at June 30, 2001 due to the ramp up in the production of units from approximately 1,500 at the end of fiscal 2000 to approximately 2,000 at the end of fiscal 2001. The Company expects the rate of increase in capitalized real estate costs to slow in 2002 as the production of units flattens out and the gap narrows between the recovery of costs through real estate sales and the amount invested in new real estate development activity. In 2003 it is anticipated that costs recovered through sales will exceed new investments in real estate, resulting in a decline in capitalized real estate costs.

Most of the Company's real estate projects have a relatively short construction timetable (12 to 24 months) so a large percentage of capitalized costs are expensed in a short period of time. Furthermore, the risk of non-recovery of real estate costs is low because the Company pre-sells substantially all of its real estate projects.

Rental Properties

The majority of the condo-hotel projects that the Company develops contain ground-level retail space, which is either leased to third-party operators or used by the Company for its own sports shops. At June 30, 2001, the Company owned 237,000 square feet of commercial space that was leased to third parties. Rental revenue derived from third-party operators increased from $6.9 million in 2000 to $8.9 million in 2001. The increase was due mainly to additional leasing from recently completed condo-hotel properties at Copper, Stratton and Snowshoe. Operating profit from rental properties increased from $3.3 million in 2000 to $4.5 million in 2001, in line with the increase in rental revenue.

REVIEW OF CORPORATE OPERATIONS

Interest and Other Income

Interest and other income was $3.5 million in 2001, down from $12.4 million in 2000. During 2000 the Company sold its investment in a property management business in Whistler Blackcomb and recorded a gross gain of $5.2 million. The Company's investment in Compagnie des Alpes generated $2.8 million of earnings in 2001 compared with $2.3 million in 2000. Revenue and EBITDA increased 7.0% and 13.9%, respectively, at Compagnie des Alpes' resorts in 2001.

Interest Costs

Interest expense increased 26.4% from $35.2 million in 2000 to $44.5 million in 2001. Interest on the acquisitions and capital expenditures made at the resorts during 2000 and 2001 accounted for approximately $8 million of the increase and interest on rental properties completed during the year added a further $1 million.

The Company incurred total interest costs (including financing fees and amortization of deferred financing costs) of $89.1 million in 2001 compared with $66.4 million in 2000. The increase in interest expense, discussed above, accounts for $9.3 million of the additional cost. The balance of the increase was due to real estate development activity, as the number of units under construction increased from approximately 1,500 at June 30, 2000 to approximately 2,000 at June 30, 2001. In total, $43.3 million of interest was capitalized to properties, $13.6 million of which was subsequently expensed in the year the properties were closed.

Depreciation and Amortization

Depreciation and amortization expense increased from $51.4 million in 2000 to $57.9 million in 2001. The increase was due mainly to depreciation of capital expenditures made at the resorts during 2001. The annual rate of growth of depreciation and amortization has slowed from an average of 47.3% during 1996 to 1999, to 27.9% in 2000 to 12.7% in 2001 as spending on acquisitions and capital expenditures has declined. Capital expenditures are planned to decline by 20-25% in 2002 and 2003 and as a result the growth in depreciation and amortization will continue to flatten out in the future.

General and Administrative Costs

All general and administrative costs incurred by the resorts are included in ski and resort operation expenses. Similarly, general and administrative costs incurred in the development of real estate are initially capitalized to properties, and then expensed to real estate costs in the period when the properties are closed. Corporate general and administrative costs, which mainly comprise certain executive employee costs, public company costs, audit and legal fees, head office occupancy costs and capital taxes are disclosed as a separate line in the statement of operations. The breakdown of general and administrative costs for 2001 and 2000 was as follows:

	2001 ($millions)	Proportion (%)	2000 ($millions)	Proportion (%)
Corporate G&A costs	**$ 9.8**	11.0	$ 8.0	9.9
G&A expenses of ski and resort operation business	**54.2**	61.0	52.3	64.8
Previously capitalized G&A costs expensed in real estate cost of sales	**8.8**	9.9	6.3	7.8
Total G&A costs expensed during the year	**72.8**	81.9	66.6	82.5
Net G&A costs of real estate business capitalized to properties	**16.1**	18.1	14.1	17.5
Total G&A costs incurred during the year	**$88.9**	100.0	$80.7	100.0

The Company expensed approximately 82% of its total general and administrative costs in both 2000 and 2001. Corporate general and administrative costs increased from $8.0 million in 2000 to $9.8 million in 2001 due mainly to higher information technology expenses as the Company has enhanced its capability in this area and moved increasingly to centralize this function. As a percentage of revenues, corporate general and administrative costs increased marginally from 1.0% in 2000 to 1.1% in 2001. The Company continually reviews its overhead costs and has instituted procedures to reduce or eliminate costs where appropriate.

Income Taxes

The Company provided for income taxes of $10.0 million in 2001 compared with $15.4 million in 2000. This equates to an effective tax rate of 12.0% in 2001 down from 20.1% in 2000. The income tax provision for 2001 included a non-cash income tax recovery of $5.3 million related to a reduction in the recorded amount of the Company's future income tax liabilities due to income tax rate reductions announced in the October 2000 Canadian federal budget. Excluding this recovery, the effective tax rate in 2001 would have been 18.3%.

Non-Controlling Interest

The Company has a 23% limited partner in the two partnerships that own Whistler Blackcomb and up to June 11, 2001 there was a 5% non-controlling interest in Sandestin. The results of all three entities are fully consolidated into the Company's financial statements with the outside partner's share of earnings shown as non-controlling interest. Non-controlling interest increased from $9.3 million in 2000 to $9.9 million in 2001. Approximately $1.2 million of the amount for 2000 related to the gain on sale of the property management business referred to above in "Interest and Other Income." Excluding the non-controlling interest's share of this gain, non-controlling interest increased by 22.2%, reflecting increased operations and real estate earnings at Whistler Blackcomb.

DISCONTINUED OPERATIONS

The consolidated financial statements disclose the results of the Company's non-resort business as discontinued operations. The discontinued operations incurred a loss of $2.9 million in 2001 compared with a loss of $0.1 million in 2000. The loss for 2001 included a write-down of $1.8 million related to the Gateway Lands in Surrey, B.C. and reserves totaling $0.8 million in connection with three non-resort properties sold in prior years. The Gateway Lands were written down to their appraised value. The market for commercially zoned land in this part of metropolitan Vancouver has declined and the size of the site has made it difficult to attract potential purchasers.

At June 30, 2001, the Company had $11.4 million of remaining non-resort assets, mainly comprising two properties – the AirCare vehicle emission testing centers and the Gateway Lands – and a receivable of $4.1 million related to an earlier sale of non-resort properties (see note 19 to the Consolidated Financial Statements). The Company's goal is to sell these assets during fiscal 2002. The liquidation of these remaining non-resort assets has no impact on the common shareholders. The net income or loss generated by the non-resort assets accrues to the holders of the non-resort preferred ("NRP") shares and the net cash flow from these assets can only be used to redeem NRP shares. During 2001 the Company used $3.8 million to redeem 2,170,000 NRP shares and a further $0.4 million to acquire 330,600 NRP shares under the Company's normal course issuer bid. The redemption price of NRP shares was fixed in November 1999 at Cdn.$2.65 per share. On the assumption of recovering book value on the remaining non-resort assets, the net asset value per share is expected to be distributed by way of redemption of all remaining NRP shares in the range of Cdn.$1.90 – $2.00 per share. The Company currently expects to make the final redemption by July 1, 2002.

LIQUIDITY AND CAPITAL RESOURCES

Analysis of Cash Flows

Two years ago Intrawest announced that it would be moving from a more capital-intensive business plan to a less capital-intensive plan. By the end of fiscal 1999 the Company had assembled the network of resorts that satisfied many of its strategic objectives (i.e. critical mass, geographic diversification, platform for earnings growth) and future acquisitions were no longer a priority. At the same time significant expenditures had been made to upgrade and expand the facilities at the recently acquired resorts. In the five years from 1995 to 1999 the Company spent a total of $732.2 million on acquisitions and resort operation capital improvements. Fiscal 1999 was the high point in terms of spending on these items with $326.0 million. In fiscal 2000 and 2001 new investment in acquisitions and resort operation capital improvements decreased by 57.7% and 24.2%, respectively, from the year before in accordance with the Company's lower capital-intensive business plan. Further reductions in capital spending are expected in 2002 and future years.

All the resorts that the Company acquired had significant real estate development potential. In addition, during this period, the Company was invited to develop real estate at a number of resorts that it did not own, including Keystone, Squaw Valley and Solitude. Generally the most capital-intensive period in the real estate business is two to four years after the initial acquisition of the resort when construction of the first major projects is taking place. Prior to this time a master plan must be prepared, development approvals secured, infrastructure work commenced and initial project marketing completed. In Intrawest's case, the high point for new investment in real estate development (measured as the difference between costs incurred on developing properties and costs recovered from sales of properties) is expected to be fiscal 2001 levels, when most of the resorts

reached "steady state" production (i.e., construction of 100-200 units per year). In fiscal 2002 net new investment in real estate is expected to decline significantly from 2001 levels and in fiscal 2003 the recovery of costs from property sales is expected to exceed costs incurred on developing properties, making the real estate business significantly cash flow positive.

The major sources and uses of cash in 2001 and 2000 were as follows:

	2001	2000	Change
		($millions)	
Funds from continuing operations	**126.9**	116.7	10.2
Working capital for real estate developed for sale (see below)	**(68.8)**	(82.2)	13.4
Expenditures on acquisitions, resort operation improvements and other investments	**(121.9)**	(143.9)	22.0
	(63.8)	(109.4)	45.6
(Increase) decrease in other net assets	**(43.5)**	1.0	(44.5)
Net cash outflows before non-construction financing inflows	**(107.3)**	(108.4)	1.1
Net financing inflows excluding construction financing	**114.7**	104.9	9.8
Increase (decrease) in cash	**7.4**	(3.5)	10.9
Net new investment in real estate developed for sale	**(130.9)**	(83.4)	(47.5)
Net proceeds from construction financing	**62.1**	1.2	60.9
Working capital for real estate developed for sale	**(68.8)**	(82.2)	13.4

In 2001 $126.9 million of funds were provided by continuing operations compared with $116.7 million in 2000. Funds from continuing operations comprise income from continuing operations adjusted for non-cash items, such as depreciation and amortization and future income taxes. The components of, and year-over-year changes in, funds from continuing operations have been discussed earlier in the review of operations.

Working capital for real estate is measured as the amount of net new investment in real estate not funded by construction loans. The Company considers construction financing low risk since it is fully covered by project pre-sales. In 2001 the net new investment in real estate was $130.9 million, up from $83.4 million in 2000, due to a ramp up in production from about 1,500 units at June 30, 2000 to about 2,000 units at June 30, 2001. A greater proportion of the net new investment in real estate was funded by construction financing in 2001 than in 2000. Net proceeds from construction financing (i.e., construction loan advances less construction loan repayments) were $62.1 million in 2001 compared with $1.2 million in 2000. This resulted in working capital for real estate development of $68.8 million in 2001, down from $82.2 million in 2000.

Spending on acquisitions, resort operation capital improvements and other investments decreased from $143.9 million in 2000 to $121.9 million in 2001, in line with the Company's plan to reduce these types of expenditures. In 2001 the Company spent $11.0 million to acquire a marketing and sales organization for its real estate business and to buy-out the 5% non-controlling interest in Sandestin. Each year the Company spends $20-25 million on maintenance capital at its resorts. Spending on expansion capital is expected to continue to decrease from approximately $75 million in 2001 to $30-40 million by 2004.

In 2001 other assets, net of payables and other liabilities, increased by $43.5 million whereas in 2000 they decreased by $1.0 million. Most of the change was due to an $8.3 million reduction in amounts payable and obligations to joint venture partners in 2001 compared with a $33.1 million increase in these items in 2000. In other words, $41.4 million more cash was used to settle payables and other liabilities in 2001 than in 2000.

In total, these sources and uses of cash resulted in net cash outflows of $107.3 million in 2001, down from $108.4 million in 2000. In both years these cash outflows were funded by increases in non-construction loan bank and other indebtedness – $114.7 million in 2001 and $104.9 million in 2000.

Over the next three fiscal years the Company expects to generate significant free cash flow, for the following reasons.

- Growth in ski and resort operation EBITDA as the villages are built out at the Company's resorts, changing the mix of customers, increasing revenues and driving higher margins.
- Continuing decline in resort operation capital improvements from approximately $94 million in 2001 to $50-60 million by 2004.
- Decrease in working capital for real estate development as the annual production of units flattens out and less is spent on infrastructure costs. The real estate business is expected to move from being a user of cash to being a significant generator of cash.

The Company expects to use a portion of the free cash flow to expand some of its newer businesses, including the Resort Club and Resort Reservations, with the majority being used to pay down debt.

Analysis of Debt

At June 30, 2001, total debt amounted to $1,010.0 million, an increase of $176.8 million from June 30, 2000. Most of the increase was used to fund real estate development activity, as the Company started new developments at Mountain Creek, Les Arcs and Lake Las Vegas and ramped up its production of units at other resorts. Project construction financing, which is fully covered by pre-sales, accounts for $67.6 million of the total increase in debt. In addition to specific project construction loans, approximately $62 million of the increase in general corporate debt was used to finance real estate development. In total, therefore, the increase in real estate development activity accounts for approximately $130 million or 74% of the increase in total debt. The balance of the increase in debt was mainly due to capital improvements at the resorts and investments in new businesses, such as Resort Reservations and Playground. In addition, the Resort Club factored its notes receivable during the year, resulting in a $20.3 million increase in debt.

In March 2001 the Company issued $125 million of 10.5% senior unsecured debentures due 2010. The proceeds were principally used to repay the Company's revolving credit facility. Since December 1997 the Company has issued $546.1 million of unsecured debentures in the public market. At year end this type of long-term, unsecured, fixed-rate financing constituted 55.8% of total debt.

At June 30, 2001, 33.9% of total debt bore interest at floating rates, down from 35.5% at June 30, 2000. Intrawest has developed a hedging policy to manage its interest rate risk. Interim financing for real estate construction is normally arranged on a floating rate basis. Since the Company pre-sells its projects and mainly develops wood-frame buildings with a construction period of 12 to 24 months, exposure to higher interest rates on construction financing is not significant. Debt on defined income-stream properties (for example, commercial rental properties) is normally arranged on a longer-term, fixed-rate basis with the objective of matching the financing with the duration characteristics of the property. It is also the Company's policy to fix the interest on at least 50% of its general corporate and ski and resort operation debt, although a lower proportion

may be hedged temporarily in anticipation of a refinancing. At June 30, 2001, 75% of such debt bore interest at floating rates and a portion of this debt is expected to be refinanced in the short-term. A 1% change in the rate of interest on this debt would impact annual earnings by approximately $1.5 million before income taxes.

The Company has a $200 million corporate credit facility, of which $31.8 million was drawn at June 30, 2001. In addition, several of the Company's resorts have lines of credit aggregating approximately $25 million that were undrawn at year end. These credit facilities are available to fund seasonal cash requirements and capital expenditures at the resorts, real estate development activity and for general corporate purposes. In addition, the Company has three revolving credit facilities totaling approximately $200 million available for real estate construction. At June 30, 2001, $92.8 million was drawn under these facilities. Since two of these facilities, for $150 million, operate under a maximum outstanding basis (i.e., the amount drawn cannot exceed $150 million) and since the timing of individual project draws and repayments is staggered, these three facilities are sufficient to finance construction of projects with a cost to complete significantly more than $200 million. The Company believes that its existing credit facilities, combined with cash on hand and internally generated cash flow, are adequate to finance all its normal operating needs.

BUSINESS RISKS

Intrawest is subject to various risks and uncertainties that can cause volatility in its earnings. The Company's resort operations and resort real estate businesses are managed to deal with risks that are common to most companies, i.e. the risks of severe economic downturn, competition and currency fluctuations, and the more industry-specific risks of unfavorable weather conditions, seasonality of operations and construction overruns.

Economic Downturn

A severe economic downturn could reduce spending on resort vacations and weaken sales of recreational real estate. Although leisure and travel are discretionary activities that one might expect to be impacted by a significant economic slowdown, Intrawest's operating results have historically not shown this to be the case. Since the Company acquired Blackcomb in 1986, cash flow has increased every year at that resort despite widely varying economic conditions. Blackcomb, as well as Intrawest's other resorts, attracts customers who have incomes well above the national average and are therefore less likely to have their vacation plans impacted by an economic recession. In addition, Intrawest's resorts draw their visitors from a wide variety of locations and this diversity shelters these resorts somewhat from regional economic conditions. Approximately 80-85% of visits arrive at the Company's resorts by car, so the impact of the cost of airline travel is somewhat muted.

Real estate developers face two major risks from an economic downturn: land risk and completed inventory risk. Land risk arises when land is purchased with debt and economic conditions deteriorate resulting in higher holding costs and reduced profitability, or worse, loan defaults and foreclosure. Intrawest has reduced its land risk by generally acquiring land at low cost with the purchase of a resort or by securing land through options and joint ventures. Completed inventory risk arises when completed units cannot be sold and construction financing cannot be repaid. Often this risk arises because many developers are supplying units to the market and since Intrawest controls most of the supply at its resorts, this risk is reduced. The Company has also mitigated this risk by pre-selling a significant portion of its units prior to commencement of, and during, construction.

At June 30, 2001, the Company had 144 completed units in its resort real estate inventory (representing 11.3% of the units delivered in 2001) and 75% of the approximately 2,000 resort units under construction on that date were pre-sold. Purchasers are required to make a significant non-refundable deposit (generally in the range of $50,000 - $60,000) prior to construction commencement, which historically has ensured that rescissions have been kept at an extremely low level. In fact between 1996 and 2000 only 1% of the 3,288 units which were pre-sold at launches required re-marketing because the purchaser defaulted. Furthermore, the Company generally has sufficient pre-sales in place to cover its construction and other real estate debt by 1.5 to 2 times. In the event of a severe economic downturn in the real estate business, the Company could complete construction of its pre-sold units, transfer title to purchasers and repay all of its real estate financing.

Competition

The mountain resort industry has significant barriers to entry (e.g. very high start-up costs, significant environmental hurdles) that prevent new resorts from being created. Competition therefore is essentially confined to existing resorts. Intrawest's resorts compete for destination visitors with other mountain resorts in Canada, the United States, Europe and Japan, and with other leisure industry companies, such as cruise lines. They also compete for day skiers with other ski areas within each resort's local market area. Skier visits in North America have been relatively flat over the past 10 years, which has increased competition between resort owners. The Company's strategy is to acquire resorts that have natural competitive advantages (e.g., in terms of location, vertical drop and quality of terrain) and to enhance those advantages by investing in capital improvements on the mountain. Since 1997 the Company has invested a total of $477.5 million in such capital improvements. The Company's principal strength compared with its industry competitors is its ability to combine expertise in resort operations and real estate development, particularly in building master-planned resort villages. Increasingly the village has become the dominant attraction in generating visits to a resort.

The Company owns substantially all of the supply of developable land at the base of its resorts and hence competition in real estate is somewhat restricted. Expertise in all aspects of the development process, including resort master-planning, project design, construction, sales and marketing, and property management also gives the Company a distinct competitive advantage. In the resort club business, the Company has established a competitive position through its ownership of the mountain facilities, and by offering a high standard of accommodation and a flexible point-based system.

Currency Fluctuations

Over the past several years the Company's Canadian resort operations have benefited from the lower Canadian dollar relative to the U.S. dollar, the Japanese yen and European currencies. This has made the price of a ski lift ticket at Intrawest's Canadian resorts 70% or less of the price at comparable U.S. resorts when denominated in the same currency. Along with accommodation and food and beverage costs, this has made vacationing in Canada more affordable for foreign visitors and it has encouraged Canadians to vacation at home. A significant shift in the value of the Canadian dollar, particularly against its U.S. counterpart, could impact earnings at Canadian resorts.

Intrawest finances its U.S. assets with U.S. dollar debt and its Canadian assets with Canadian dollar debt. Generally the Company services its debt with revenue denominated in the same currency. In addition, cash flow generated by Canadian operations is generally retained in Canada and invested in expansion of Canadian assets. Similarly cash flow

generated at the U.S. resorts is generally reinvested in the United States. Cross-border cash transactions and currency exchanges are kept to a minimum.

Since Intrawest reports its earnings in U.S. dollars but its income is derived from both Canadian and U.S. sources, the Company is exposed to foreign currency exchange risk in its reported earnings. Revenues and expenses of the Company's Canadian operations will be impacted by changes in exchange rates when such operations are reported in U.S. dollars. The impact of Canadian/U.S. dollar exchange rate changes on the balance sheet are reflected in the foreign currency translation amount included in shareholders' equity and does not affect reported earnings.

Unfavorable Weather Conditions

The Company's ability to attract visitors to its resorts is influenced by weather conditions and the amount of snowfall during the ski season. Intrawest manages its exposure to unfavorable weather in three ways: by being geographically diversified, by seeking to build its visits as evenly as possible through the season and by investing in snowmaking.

Geographically diversified companies like Intrawest can reduce the risk associated with a particular region's weather patterns. Every ski season since 1995, favorable and unfavorable weather conditions at different times across North America have offset one another, allowing the Company to come within 2% of its budgeted winter season ski and resort operations revenue on a same-resort basis. The more a resort can attract its visitors evenly through the season the less vulnerable it is to unfavorable weather at a particular time. Intrawest seeks to spread its visits by marketing to destination visitors who book in advance, stay several days and are less likely than day visitors to change their vacation plans, and by attempting to increase traffic mid-week and at non-peak times. Investing in snowmaking can also mitigate the impact of poor natural snow conditions. Snowmaking is particularly important in the East due to the number of competing resorts and less reliable snowfall. Intrawest has invested approximately $44 million in snowmaking at its resorts since 1997.

Seasonality of Operations

Ski and resort operations are highly seasonal. In fiscal 2001 72% of the Company's ski and resort operations revenue was generated during the period from December to March. Furthermore during this period a significant portion of ski and resort operations revenue is generated on certain holidays, particularly Christmas/New Year, Presidents' Day and school spring breaks, and on weekends. Conversely, Sandestin's peak operating season occurs during the summer months, partially offsetting the seasonality of the mountain resorts. The Company's real estate operations tend to be somewhat seasonal as well, with construction primarily taking place during the summer and the majority of sales closing in the December to June period. This seasonality of operations impacts reported quarterly earnings. The operating results for any particular quarter are not necessarily indicative of the operating results for a subsequent quarter or for the full fiscal year. The Company has taken steps to smooth its revenue and earnings throughout the year by investing in four-season amenities (e.g., golf) and growing its summer and shoulder-season businesses. As a result of these initiatives, the proportion of ski and resort operations revenue earned outside the historically strong third fiscal quarter has increased to 45.6% in 2001 from 32.7% in 1997.

Construction Overruns

Intrawest is not in the construction business but rather engages general contractors to construct its real estate projects. The Company's practice is to structure its construction contracts on a fixed-price basis so that cost overruns are at the contractor's risk. In addition construction contracts are priced only after the Company has completed full working drawings. The Company employs construction experts who oversee the general contractors and ensure that problems are properly and quickly resolved. The Company has also developed a comprehensive and sophisticated project reporting system, which helps to identify potential cost overruns early enough to permit corrective action.

OUTLOOK

The Company remains firmly committed to the corporate strategy that it outlined last year, i.e. increasing returns on its existing asset base, leveraging expertise to grow its core and emerging businesses, and moving to a free cash flow position.

Concerns over the economy and the tragic incidents of September 11 in New York and Washington have introduced greater uncertainty into the future. The Company is guardedly optimistic that its operations will not be significantly impacted by these factors, since:

- The greatest percentage (80-85% depending on customer mix) of visits to the Company's resorts is "drive-to."
- As was the experience during the Gulf War, many vacationers are likely to replace a planned vacation outside of North America with a vacation in Canada or the U.S.
- The Company has a large, highly committed customer base comprising its season pass holders and real estate owners.
- The Company has $385 million of pre-sold real estate due to close in 2002. Historically the default rate on pre-sold contracts has been only 1%.

Meanwhile the fundamental factors underlying the Company's business remain positive. Demographic trends support strong growth in demand for recreational real estate, the continued weakness of the Canadian dollar should drive vacation spending to Canadian resorts and the loyalty and relative affluence of the Company's customer base should provide earnings stability. The Company continues to be confident that it will experience revenue and EBITDA growth in 2002.

QUARTERLY FINANCIAL SUMMARY

	2001 Quarters				2000 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Total Revenue	**129.9**	**207.0**	**339.0**	**246.9**	125.7	145.2	305.6	234.0
Income (loss) from continuing operations	**(3.2)**	**10.7**	**50.5**	**6.0**	(3.2)	4.3	47.7	3.3
Results of discontinued operations	**0.0**	**0.1**	**(0.1)**	**(2.9)**	0.2	(0.2)	0.4	(0.6)
Net income (loss)	**(3.2)**	**10.8**	**49.9**	**3.1**	(3.0)	4.1	48.1	2.7
Per common share:								
Income (loss) from continuing operations	**(0.07)**	**0.25**	**1.15**	**0.14**	(0.07)	0.10	1.10	0.08
Net income (loss)	**(0.07)**	**0.25**	**1.15**	**0.14**	(0.07)	0.10	1.10	0.08

Management's Responsibility

The consolidated financial statements of Intrawest Corporation have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the preparation and presentation of the information contained in the consolidated financial statements. The Company maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for preparation of financial statements.

The Company's independent auditors, KPMG LLP, have been appointed by the shareholders to express their professional opinion on the fairness of the consolidated financial statements. Their report is included below.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee which is composed entirely of outside directors. This committee reviews the consolidated financial statements and reports to the Board of Directors. The auditors have full and direct access to the Audit Committee.

Joe S. Houssian
Chairman, President and Chief Executive Officer

Daniel O. Jarvis
Executive Vice President and Chief Financial Officer
August 31, 2001

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Intrawest Corporation as at June 30, 2001 and 2000 and the consolidated statements of operations, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years in the two-year period ended June 30, 2001 and total assets, liabilities and shareholders' equity as at June 30, 2001 and 2000 to the extent summarized in note 21 to the consolidated financial statements.

KPMG LLP

Chartered Accountants
Vancouver, British Columbia
August 31, 2001

Consolidated Statements of Operations

For the years ended June 30, 2001 and 2000
(in thousands of United States dollars, except per share amounts)

	2001	2000
Revenue:		
Ski and resort operations	$ 492,202	$ 447,350
Real estate sales	415,336	341,455
Rental properties	8,935	6,905
Interest and other income	3,547	12,449
Income from equity accounted investment	2,790	2,333
	922,810	810,492
Expenses:		
Ski and resort operations	383,864	353,662
Real estate costs	338,856	281,845
Rental properties	4,426	3,641
Interest (note 16)	44,490	35,217
Depreciation and amortization	57,934	51,399
Corporate general and administrative	9,793	7,985
	839,363	733,749
Income before undernoted	83,447	76,743
Provision for income taxes (note 13)	10,014	15,394
Income before non-controlling interest and discontinued operations	73,433	61,349
Non-controlling interest	9,904	9,258
Income from continuing operations	63,529	52,091
Results of discontinued operations (note 4)	(2,942)	(99)
Net income	$ 60,587	$ 51,992
Income per common share:		
Income from continuing operations	$ 1.45	$ 1.20
Net income	1.45	1.20
Weighted average number of common shares outstanding (in thousands)	43,665	43,362

See accompanying notes to consolidated financial statements.

June 30, 2001 and 2000
(in thousands of United States dollars)

	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	$ 86,430	$ 78,985
Amounts receivable (note 7)	82,536	72,233
Other assets (note 8(a))	105,545	78,966
Properties (note 6):		
Resort	329,177	254,801
Discontinued operations	–	103
Future income taxes (note 13)	4,168	4,445
	607,856	489,533
Ski and resort operations (note 5)	813,741	784,725
Properties (note 6):		
Resort	371,451	314,481
Discontinued operations	7,080	9,521
	378,531	324,002
Amounts receivable (note 7)	50,416	35,262
Other assets (note 8(b))	86,640	67,999
Goodwill	19,128	15,834
	$ 1,956,312	$ 1,717,355

June 30, 2001 and 2000
(in thousands of United States dollars)

	2001	2000
Liabilities and Shareholders' Equity		
Current liabilities:		
Amounts payable	**$ 146,464**	$ 146,648
Deferred revenue (note 10)	**81,537**	70,832
Bank and other indebtedness (note 9):		
Resort	**201,558**	158,144
Discontinued operations	**82**	84
	429,641	375,708
Bank and other indebtedness (note 9):		
Resort	**804,991**	670,539
Discontinued operations	**3,363**	4,394
	808,354	674,933
Due to joint venture partners (note 14)	**8,818**	16,963
Deferred revenue (note 10)	**26,750**	26,974
Future income taxes (note 13)	**83,771**	82,522
Non-controlling interest in subsidiaries	**30,616**	28,983
	1,387,950	1,206,083
Shareholders' equity:		
Capital stock (note 12)	**414,220**	413,719
Retained earnings	**187,922**	131,953
Foreign currency translation adjustment	**(33,780)**	(34,400)
	568,362	511,272
	$ 1,956,312	$ 1,717,355

Contingencies and commitments (note 15)

Approved on behalf of the Board:

Joe S. Houssian
Director

R. Thomas M. Allan
Director

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

For the years ended June 30, 2001 and 2000
(in thousands of United States dollars)

	2001	2000
Retained earnings, beginning of year	**$ 131,953**	$ 77,088
Net income	**60,587**	51,992
Reduction in redemption price of non-resort preferred shares (note 12(a))	–	7,588
Dividends	**(4,618)**	(4,715)
Retained earnings, end of year	**$ 187,922**	$ 131,953

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended June 30, 2001 and 2000
(in thousands of United States dollars)

	2001	2000
Cash provided by (used in):		
Operations:		
Income from continuing operations	**$ 63,529**	$ 52,091
Items not affecting cash:		
Depreciation and amortization	**57,934**	51,399
Future income taxes	**1,027**	12,109
Income from equity accounted investment	**(2,790)**	(2,333)
Gain on asset disposals, net of write-offs	**(2,671)**	(5,777)
Non-controlling interest	**9,904**	9,258
Funds from continuing operations	**126,933**	116,747
Recovery of costs through real estate sales	**338,856**	281,845
Acquisition and development of properties held for sale	**(469,816)**	(365,249)
Increase in amounts receivable, net	**(13,670)**	(8,890)
Changes in non-cash operating working capital (note 20)	**(29,948)**	34,385
Cash provided by continuing operating activities	**(47,645)**	58,838
Cash provided by discontinued operations (note 4)	**2,323**	10,699
	(45,322)	69,537
Financing:		
Proceeds from bank and other borrowings	**994,902**	341,373
Repayments on bank and other borrowings	**(810,337)**	(244,285)
Issue of common shares for cash, net of issuance costs	**4,467**	1,007
Redemption and repurchase of non-resort preferred shares	**(3,966)**	(19,273)
Dividends paid	**(4,618)**	(4,715)
Distributions to non-controlling interests	**(5,773)**	(3,234)
	174,675	70,873
Investments:		
Expenditures on:		
Revenue-producing properties	**(5,642)**	1,315
Ski and resort operation assets	**(93,986)**	(119,133)
Other assets	**(19,545)**	(11,026)
Business acquisitions, net of cash acquired of $498 (2000 – $207)	**(10,951)**	(19,281)
Proceeds from asset disposals	**8,216**	4,243
	(121,908)	(143,882)
Increase (decrease) in cash and cash equivalents	**7,445**	(3,472)
Cash and cash equivalents, beginning of year	**78,985**	82,457
Cash and cash equivalents, end of year	**$ 86,430**	$ 78,985

Supplementary information (note 20)

See accompanying notes to consolidated financial statements.

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

1. OPERATIONS:

Intrawest Corporation is incorporated under the Company Act (British Columbia) and, through its subsidiaries, is engaged in the development and operation of mountain and golf resorts principally throughout North America.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada as prescribed by The Canadian Institute of Chartered Accountants ("CICA"). Information regarding United States generally accepted accounting principles as it affects the Company's consolidated financial statements is presented in note 21.

(b) Principles of consolidation:

The consolidated financial statements include:

(i) the accounts of the Company and its subsidiaries;

(ii) the accounts of all incorporated and unincorporated joint ventures, including non-controlled partnerships, to the extent of the Company's interest in their respective assets, liabilities, revenues and expenses.

The Company's principal subsidiaries and joint ventures are as follows:

Subsidiaries	Percentage interest held by the Company
Blackcomb Skiing Enterprises Limited Partnership	77%
Whistler Mountain Resort Limited Partnership	77%
Mont Tremblant Resorts and Company, Limited Partnership	100%
IW Resorts Limited Partnership	100%
Swaneset Bay Golf Course Ltd. (note 3)	100%
Intrawest Resort Ownership Corporation	100%
Playground Real Estate Inc. (note 3)	100%
The Stratton Corporation	100%
Snowshoe Resort, Inc.	100%
Copper Mountain, Inc.	100%
Mountain Creek Resort, Inc.	100%
Intrawest Retail Group, Inc.	100%
Intrawest Sandestin Company, L.L.C.	100%
Intrawest Golf Holdings, Inc.	100%
Intrawest/Lodestar Limited Partnership	100%
Mt. Tremblant Reservations Inc.	100%
Whistler Blackcomb Resorts Inc.	100%

Joint ventures and non-controlled partnerships (note 14)	Percentage interest held by the Company
Alpine Helicopters Ltd.	45%
Blue Mountain Resorts Limited	50%
Chateau M.T. Inc.	50%
Mammoth Mountain Ski Area	59.5%
Keystone/Intrawest L.L.C.	50%
Intrawest/Lodestar Golf Limited Partnership	73.7%
Resort Ventures Limited Partnership	50%
Blue River Land Company L.L.C.	50%

All significant intercompany balances and transactions have been eliminated.

(c) Accounting for investments:

The Company accounts for investments in which it is able to exercise significant influence in accordance with the equity method. Under the equity method, the original cost of the shares is adjusted for the Company's share of post-acquisition earnings or losses, less dividends.

(d) Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant areas requiring management estimates include useful lives for depreciation, the impairment of ski and resort operations and properties, and the recoverability of amounts receivable.

(e) Cash equivalents:

The Company considers all highly liquid investments with terms to maturity of three months or less when acquired to be cash equivalents.

(f) Properties:

(i) Properties under development and held for sale:

Properties under development and held for sale are recorded at the lower of cost and net realizable value. Cost includes all expenditures incurred in connection with the acquisition, development and construction of these properties. These expenditures consist of all direct costs, interest on specific debt, interest on that portion of total costs financed by the Company's pooled debt, and general and administrative expenses. Incidental operations related specifically to properties under development are treated as an increase in or a reduction of costs.

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

Costs associated with the development of sales locations of the vacation ownership business, including operating and general and administrative costs incurred until a location is fully operational, are capitalized. Incidental operations related specifically to a location are treated as an increase in or a reduction of costs during the start-up period. These net costs are amortized on a straight-line basis over seven years.

The Company provides for write-downs where the carrying value of a particular property exceeds its net realizable value.

(ii) Revenue-producing properties:

Revenue-producing properties are stated at the lower of cost, net of accumulated depreciation, and net recoverable amount. Buildings are depreciated using the declining balance method at annual rates of 3.3% to 5%. Leasehold improvements and other tenant inducements are amortized using the straight-line method over the lease term. Furniture and equipment are depreciated on a declining balance basis at 20% per annum.

(iii) Classification:

Properties that are currently under development for sale and properties available for sale are classified as current assets. Related bank and other indebtedness is classified as a current liability.

(g) Ski and resort operations:

The ski and resort operation assets are stated at cost less accumulated depreciation. Costs of ski lifts, area improvements and buildings are capitalized. Certain buildings, area improvements and equipment are located on leased or licensed land. Depreciation is provided over the estimated useful lives of each asset category using the declining balance method at annual rates as follows:

Buildings	3.3% to 5.0%
Ski lifts	5.0% to 8.0%
Golf courses	2.0% to 3.3%
Area improvements	2.0% to 3.3%
Automotive, helicopters and other equipment	10.0% to 50.0%
Leased vehicles	20.0% to 25.0%

Inventories are recorded at the lower of cost and net realizable value, and consist primarily of retail goods, food and beverage products, and mountain operating supplies.

(h) Administrative furniture, computer equipment, software and leasehold improvements:

Administrative furniture, computer equipment and software are stated at cost less accumulated depreciation. Depreciation is provided using the declining balance method at annual rates of 20% and 30%, respectively.

Leasehold improvements are stated at cost less accumulated amortization. Amortization is provided using the straight-line method over the lease term.

(i) Deferred financing costs:

Deferred financing costs consist of legal and other fees directly related to the debt financing of the Company's ski and resort operations. These costs are amortized to interest expense over the term of the related financing.

(j) Goodwill:

Goodwill is amortized on the straight-line basis over a period of 3 to 20 years based on the nature of the acquired business. In determining whether there is a permanent impairment in value, recoverability is based on undiscounted estimated future cash flows.

(k) Deferred revenue:

Deferred revenue mainly comprises real estate deposits, season pass revenue, golf club initiation deposits, government grants and the exchange gains arising on the translation of long-term monetary items that are denominated in foreign currencies (note 2(o)). Deferred revenue which relates to the sale of season passes is recognized throughout the season based on the number of skier visits. Deferred revenue which relates to golf club initiation deposits is recognized on a straight-line basis over the estimated membership terms. Deferred revenue which relates to government grants for ski and resort operation assets is recognized on the same basis as the related assets are amortized. Deferred revenue which relates to government grants for properties under development is recognized as the properties are sold.

(l) Government assistance:

The Company periodically applies for financial assistance under available government incentive programs. Non-repayable government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets.

(m) Revenue recognition:

(i) Ski and resort operation revenue is recognized as the service is provided.

(ii) Revenue from the sale of properties is recorded when title to the completed unit is conveyed to the purchaser and the purchaser becomes entitled to occupancy.

(iii) Points revenue associated with membership in the vacation ownership business of Club Intrawest (which revenue is included in real estate sales) is recognized when the purchaser has paid the amount due on closing, all contract documentation has been executed and all other significant conditions of sale are met.

(iv) Revenue from revenue-producing properties is recognized upon the earlier of attaining break-even cash flow after debt servicing or the expiration of a reasonable period of time following substantial completion. Prior to this time, the properties are categorized as properties under development, and incidental operations related to such properties are applied to development costs.

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

(n) Future income taxes:

The Company follows the asset and liability method of accounting for income taxes.

Under such method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the substantive enactment date. To the extent that it is not considered to be more likely than not that a future income tax asset will be realized, a valuation allowance is provided.

(o) Foreign currency translation:

These consolidated financial statements are presented in U.S. dollars. The majority of the Company's operations are located in the United States and are conducted in U.S. dollars. The Company's Canadian operations use the Canadian dollar as their functional currency. The Canadian entities' financial statements have been translated into U.S. dollars using the exchange rate in effect at the balance sheet date for asset and liability amounts and at the average rate for the period for amounts included in the determination of income.

Cumulative unrealized gains or losses arising from the translation of the assets and liabilities of these operations are recorded as foreign currency translation adjustment, a separate component of shareholders' equity.

Exchange gains or losses arising on the translation of long-term monetary items that are denominated in foreign currencies to the applicable currency of measurement are deferred and amortized on a straight-line basis over the remaining terms of the related monetary item. Other exchange gains or losses are included in income as realized.

The actual exchange rates used for translation purposes were as follows:

	2001	2000
Canadian dollar to U.S. dollar exchange rates		
at June 30	**1.5140**	1.4806
Average during year	**1.5192**	1.4731

(p) Per share calculations:

Income per common share has been calculated using the weighted average number of common shares outstanding during the year. Fully diluted per common share amounts have not been presented as the effect of outstanding options is not materially dilutive.

(q) Funds from continuing operations:

Funds from continuing operations is computed as income from continuing operations adjusted for future income taxes, depreciation and amortization of capital items, non-controlling interest, income from equity accounted investment and other non-cash items. Funds from continuing operations is different from cash flow from continuing operating activities since it excludes the cash provided by or used for non-cash operating working capital accounts such as real estate inventory, amounts receivable and amounts payable.

(r) Stock options:

The Company has a stock option plan as described in note 12(c). No compensation expense is recognized when shares or stock options are issued. Any consideration paid on the exercise of options or purchase of shares is credited to capital stock.

(s) Employee future benefits:

The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets as the underlying services are provided.

(t) Comparative figures:

Certain comparative figures for 2000 have been reclassified to conform with the financial presentation adopted in the current year.

3. ACQUISITIONS:

During the year ended June 30, 2001, the Company completed the following acquisitions, each of which was accounted for by the purchase method with effect from the date of acquisition:

(a) Effective November 15, 2000, the Company acquired the shares of Sapera Real Estate Group (subsequently name changed to Playground Real Estate Inc.) The purchase price of the shares acquired was $6,699,000 of which $5,299,000 was assigned to goodwill and the remainder to working capital. The acquisition was financed primarily through bank indebtedness.

(b) On June 11, 2001, the Company acquired the 5% non-controlling interest in the resort operation and real estate assets of Intrawest/Sandestin Company, L.L.C. for cash consideration of $4,750,000.

During the year ended June 30, 2000, the Company completed the following acquisitions, each of which was accounted for by the purchase method with effect from the date of acquisition:

(a) On January 17, 2000, the Company acquired the assets of Swaneset Bay Resort & Country Club ("Swaneset"), including two golf courses and developable real estate in British Columbia. The purchase price of the assets acquired was as follows:

Net assets acquired at assigned values:	
Ski and resort operations	$ 9,486
Property under development	5,348
Net working capital	263
Other amounts	648
Assumption of debt	(4,253)
	11,492
Cash	207
	$ 11,699
Financed by:	
Cash	$ 5,988
Bank and other indebtedness	5,711
	$ 11,699

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

(b) In November 1999 the Company increased its interest in Intrawest/Lodestar Limited Partnership ("Lodestar") in California from 60% to 100% through the acquisition of the other partner's interest for cash consideration of $13,500,000. Effective from November 1, 1999, the Company has consolidated the results of Lodestar with the operations of the Company. Prior to this date the operations were proportionately consolidated as the partners shared joint control. The net assets acquired at assigned values consisted primarily of land and properties under development.

4. DISCONTINUED OPERATIONS:

For reporting purposes, the results of operations and cash flow from operating activities of the non-resort real estate business have been disclosed separately from those of continuing operations for the periods presented.

The results of discontinued operations are as follows:

	2001	2000
Revenue	$ 1,209	$ 13,148
Loss before current income taxes	$ (2,805)	$ (99)
Provision for current income taxes	137	–
Loss from discontinued operations	$ (2,942)	$ (99)

Assets and liabilities presented in the consolidated balance sheets include the following assets and liabilities of discontinued operations:

	2001	2000
Current assets:		
Properties	$ –	$ 103
Other non-cash current assets	4,126	2,845
Properties	7,080	9,521
Other non-current assets	166	4,331
Current liabilities	(900)	(602)
Non-current liabilities	(3,258)	(4,317)

The cash flows from discontinued operations are as follows:

	2001	2000
Cash provided by (used in):		
Operations	$ 2,323	$ 10,699
Financing	(5,004)	(24,458)
Investments	106	6,989
Decrease in cash and cash equivalents	$ (2,575)	$ (6,770)

The cash flow used for financing activities in fiscal 2001 includes a $3,788,000 (2000 – $19,520,000) redemption of non-resort preferred ("NRP") shares (note 12(a)). The Company has the right to apply the net cash flow from the discontinued operations from January 1, 1997 to the redemption of NRP shares.

5. SKI AND RESORT OPERATIONS:

2001	Cost	Accumulated depreciation	Net book value
Ski operations:			
Land	$ 52,324	$ –	$ 52,324
Buildings	231,189	39,994	191,195
Ski lifts and area improvements	392,668	101,459	291,209
Automotive, helicopters and other equipment	106,901	59,904	46,997
Leased vehicles	4,499	1,869	2,630
	787,581	203,226	584,355
Resort operations:			
Land	21,711	–	21,711
Buildings	52,834	8,280	44,554
Golf courses	124,070	10,866	113,204
Area improvements	65,320	15,403	49,917
	263,935	34,549	229,386
	$ 1,051,516	$ 237,775	$ 813,741

2000	Cost	Accumulated depreciation	Net book value
Ski operations:			
Land	$ 52,533	$ –	$ 52,533
Buildings	204,796	34,666	170,130
Ski lifts and area improvements	379,323	83,532	295,791
Automotive, helicopters and other equipment	98,067	60,355	37,712
Leased vehicles	5,681	2,388	3,293
	740,400	180,941	559,459
Resort operations:			
Land	21,579	–	21,579
Buildings	54,680	7,051	47,629
Golf courses	108,967	6,064	102,903
Area improvements	64,700	11,545	53,155
	249,926	24,660	225,266
	$ 990,326	$ 205,601	$ 784,725

The ski and resort operations have been pledged as security for certain of the Company's bank and other indebtedness (note 9).

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

6. PROPERTIES:

Summary of properties:

	2001	2000
Properties under development and held for sale	**$ 658,309**	$ 542,747
Revenue-producing properties	**49,399**	36,159
	$ 707,708	$ 578,906

Properties are classified for balance sheet purposes as follows:

	2001	2000
Current assets:		
Resort	**$ 329,177**	$ 254,801
Discontinued operations	**–**	103
Long-term assets:		
Resort	**371,451**	314,481
Discontinued operations	**7,080**	9,521
	$ 707,708	$ 578,906

Cumulative costs capitalized to properties under development and held for sale:

	2001	2000
Properties under development and held for sale:		
Land and land development costs	**$ 178,773**	$ 167,119
Building development costs	**368,242**	298,415
Interest	**69,071**	46,427
Administrative	**42,223**	30,786
	$ 658,309	$ 542,747

Breakdown of revenue-producing properties:

			2001
	Cost	**Accumulated depreciation**	**Net book value**
Revenue-producing properties:			
Land	**$ 5,816**	**$ –**	**$ 5,816**
Buildings	**49,211**	**7,337**	**41,874**
Leasehold improvements and equipment	**3,007**	**1,298**	**1,709**
	$ 58,034	**$ 8,635**	**$ 49,399**

			2000
	Cost	Accumulated depreciation	Net book value
Revenue-producing properties:			
Land	$ 6,062	$ –	$ 6,062
Buildings	33,472	5,478	27,994
Leasehold improvements and equipment	3,410	1,307	2,103
	$ 42,944	$ 6,785	$ 36,159

During the year ended June 30, 2001, the Company capitalized interest of $43,298,000 (2000 – $30,004,000) (note 16) and administrative expenses of $24,895,000 (2000 – $20,418,000) to properties.

Properties have been pledged as security for certain of the Company's bank and other indebtedness (note 9).

7. AMOUNTS RECEIVABLE:

	2001	2000
Receivable from sales of real estate	**$ 25,405**	$ 19,672
Ski and resort operation trade receivables	**29,662**	29,485
Loans, mortgages and notes receivable (note 19)	**56,928**	37,020
Funded senior employee share purchase plan (note 12(e))	**460**	560
Other accounts receivable	**20,497**	20,758
	132,952	107,495
Current portion	**82,536**	72,233
	$ 50,416	$ 35,262

Receivables are due approximately as follows:

Year ending June 30, 2002	$ 82,536
2003	7,102
2004	10,013
2005	2,769
2006	2,659
Subsequent to 2006	27,873
	$ 132,952

The loans, mortgages and notes receivable bear interest at both fixed and floating rates which averaged 11.86% per annum as at June 30, 2001 (2000 – 11.69%). These amounts have been pledged as security for certain of the Company's bank and other indebtedness (note 9).

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

8. OTHER ASSETS:

(a) Current:

	2001	2000
Ski and resort operation inventories	$ 27,286	$ 23,828
Restricted cash deposits	62,155	41,952
Prepaid expenses and other	16,104	13,186
	$ 105,545	$ 78,966

(b) Long-term:

	2001	2000
Investment in Compagnie des Alpes, at equity	$ 33,077	$ 30,741
Deferred financing costs	19,294	14,526
Administrative furniture, computer equipment, software and leasehold improvements, net of accumulated depreciation of $10,291,000 (2000 – $7,253,000)	27,950	16,820
Other	6,319	5,912
	$ 86,640	$ 67,999

9. BANK AND OTHER INDEBTEDNESS:

The Company has obtained financing for its ski and resort operations and properties from various financial institutions by pledging individual assets as security for such financing. Security for general corporate debt is provided by general security which includes a floating charge on the Company's assets and undertakings, fixed charges on real estate properties, and assignment of mortgages and notes receivable. The following table summarizes the primary security provided by the Company, where appropriate, and indicates the applicable type of financing, maturity dates and the weighted average interest rate at June 30, 2001:

	Maturity dates	Weighted average interest rate	2001	2000
Ski and resort operations:				
Mortgages and bank loans	Demand-2017	5.74%	$ 200,121	$ 211,561
Obligations under capital leases	2002-2005	7.75%	5,694	3,771
			205,815	215,332
Properties:				
Interim financing on properties under development and held for resale	2002-2017	7.36%	175,944	110,515
Resort club notes receivable credit facilities	2006	7.05%	21,399	1,094
Mortgages on revenue-producing properties	2002-2015	7.99%	10,952	12,425
			208,295	124,034
General corporate debt	2002	5.93%	31,803	59,210
Unsecured debentures	2002-2010	9.61%	564,081	434,585
			1,009,994	833,161
Current portion			201,640	158,228
			$ 808,354	$ 674,933

Principal repayments and the components related to either floating or fixed interest rates are as follows:

	Interest rates Floating	Fixed	Total Repayments
Year ending June 30, 2002	$ 180,654	$ 20,986	$ 201,640
2003	146,104	111,362	257,466
2004	1,823	27,723	29,546
2005	245	14,420	14,665
2006	1,933	8,902	10,835
Subsequent to 2006	12,131	483,711	495,842
	$ 342,890	$ 667,104	$ 1,009,994

The Company has entered into a swap agreement to fix the interest rate on a portion of its floating rate debt. The Company had $14,000,000 (2000 – $26,262,000) of bank loans swapped against debt with a fixed interest rate ranging from 5.34% to 7.40% (2000 – 5.34% to 7.40%) per annum.

Bank and other indebtedness includes indebtedness in the amount of $342,206,000 (2000 – $349,277,000) which is repayable in Canadian dollars of $518,100,000 (2000 – $517,140,000).

The Company is subject to certain covenants in respect of some of the bank and other indebtedness which require the Company to maintain certain financial ratios. The Company is in compliance with these covenants at June 30, 2001.

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

10. DEFERRED REVENUE:

	2001	2000
Deposits on real estate sales	**$ 66,642**	$ 51,200
Government assistance (note 11)	**4,974**	8,917
Exchange gains	**14**	3,309
Golf club initiation deposits	**14,935**	15,463
Season pass revenue	**12,864**	11,236
Other deferred amounts	**8,858**	7,681
	108,287	97,806
Current portion	**81,537**	70,832
	$ 26,750	$ 26,974

11. GOVERNMENT ASSISTANCE:

The federal government and the Province of Quebec have granted financial assistance to the Company in the form of interest-free loans and grants for the construction of specified four-season tourist facilities at Mont Tremblant. The loans, which are fully advanced, totaled $9,445,000 and are repayable over 17 years starting in 2000. The grants, which will total $38,318,000 (2000 – $37,156,000) when they are fully advanced, amounted to $21,005,000 at June 30, 2001 (2000 – 18,925,000). During the year ended June 30, 2001, grants received of $6,268,000 (2000 – $1,289,000) were credited as follows: $755,000 (2000 – $359,000) to ski and resort operation assets and $5,513,000 (2000 – $930,000) to properties.

12. CAPITAL STOCK:

(a) Share capital reorganization:

Effective March 14, 1997, the Company completed a reorganization of its share capital designed to separate the remaining non-resort real estate assets from the rest of the Company's business. Under the reorganization, each existing common share was exchanged for one new common share and one non-resort preferred ("NRP") share. The new common shares have the same attributes as the old common shares.

The NRP shares were initially recorded at a value of $64,305,000, net of costs, (based on Cdn.$3.82 per share) equal to the book value of the net equity of the non-resort assets at December 31, 1996, and the value assigned to the common shares was reduced by the same amount. The Company expects that the non-resort assets will be disposed of in an orderly manner and the net cash flow from these assets distributed to the NRP shareholders, primarily by way of redemption of their shares as described in note 4. The amount ultimately realized by the Company and distributed to the NRP shareholders will be subject to prevailing real estate market conditions. As at June 30, 2001, the book value of the net equity of the remaining non-resort assets was $6,964,000 (2000 – $14,206,000).

In November 1999 shareholders of the Company passed a resolution reducing the redemption price of the NRP shares from Cdn.$3.82 to Cdn.$2.65 per share. As a result, the carrying value of the NRP shares was reduced by $7,588,000 and retained earnings was increased by the same amount.

(b) Capital stock:

The Company's capital stock comprises the following:

	2001	2000
Common shares	**$ 400,262**	$ 395,795
NRP shares	**13,958**	17,924
	$ 414,220	$ 413,719

(i) Common shares:
Authorized:
200,000,000 without par value
Issued:

	Number of common shares	**2001 amount**	Number of common shares	2000 amount
Balance, beginning of year	**43,463,294**	**$ 395,795**	43,254,386	$ 393,153
Issued for cash under stock option plan	**563,100**	**4,467**	134,450	1,007
Issued for settlement of bank and other indebtedness	**–**	**–**	74,458	1,236
Future income tax adjustment	**–**	**–**	–	399
Balance, end of year	**44,026,394**	**$ 400,262**	43,463,294	$ 395,795

(ii) NRP shares:
Authorized:
50,000,000 without par value
Issued:

	Number of NRP shares	**2001 amount**	Number of NRP shares	2000 amount
Balance, beginning of year	**7,760,961**	**$ 17,924**	16,726,586	$ 44,785
Issued for cash under stock option plan	**253,575**	**227**	343,275	321
Redemption	**(2,170,000)**	**(3,788)**	(9,246,000)	(19,520)
Purchased for cancellation	**(330,600)**	**(405)**	(62,900)	(74)
Reduction in redemption price	**–**	**–**	–	(7,588)
Balance, end of year	**5,513,936**	**$ 13,958**	7,760,961	$ 17,924

(iii) Preferred shares:
Authorized:
20,000,000 without par value
Issued – nil

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

(c) Stock options:

The Company has a stock option plan which provides for grants to officers and employees of the Company and its subsidiaries of options to purchase common shares of the Company. Options granted under the stock option plan may not be exercised except in accordance with such limitations as the Company's Human Resources Committee may determine.

The following table summarizes the status of options outstanding under the Plan:

	2001 share options outstanding	Weighted average price	2000 share options outstanding	Weighted average price
Outstanding, beginning of year	3,221,600	$ 14.68	3,257,850	$ 14.44
Granted	710,000	17.67	255,500	17.09
Exercised	(563,100)	7.90	(134,450)	9.20
Forfeited	(46,000)	17.52	(157,300)	18.38
Outstanding, end of year	3,322,500	$ 15.24	3,221,600	$ 14.68
Exercisable, end of year	1,805,450	$ 13.37	1,758,650	$ 11.94

The following table provides details of options outstanding at June 30, 2001:

Range of exercise prices	Number outstanding June 30, 2001	Weighted average life remaining (years)	Weighted average price	Number exercisable June 30, 2001	Weighted average price
$6.43-$9.56	704,500	2.4	$ 8.41	704,500	$ 8.41
$10.39-$15.19	208,500	5.8	13.40	160,800	13.33
$15.72-$19.19	2,409,500	7.8	17.40	940,150	17.10
	3,322,500	6.5	$ 15.24	1,805,450	$ 13.37

(d) Employee share purchase plan:

The employee share purchase plan permits certain full-time employees of the Company and its subsidiaries and limited partnerships to purchase common shares through payroll deductions. The Company contributes $1 for every $3 contributed by an employee. To June 30, 2001, a total of 65,809 (2000 – 65,809) common shares have been issued from treasury under this plan. A further 100,000 common shares have been authorized and reserved for issuance under this plan.

(e) Funded senior employee share purchase plan:

The Company has a funded senior employee share purchase plan which provides for loans to be made to designated eligible employees to be used to subscribe for common shares. At June 30, 2001, loans to employees under the funded senior employee share purchase plan amounted to $460,000 with respect to 123,050 common shares and 26,939 NRP shares (2000 – $560,000 with respect to 131,150 common shares and 37,272 NRP shares). The loans are interest-free, secured by a promissory note and a pledge of the shares and mature by 2003. A further 96,400 common shares have been authorized and reserved for issuance under this plan.

13. INCOME TAXES:

(a) Provision for income taxes:

	2001	2000
Current	$ 8,987	$ 3,285
Future	1,027	12,109
	$ 10,014	$ 15,394

The reconciliation of income taxes calculated at the statutory rate to the actual income tax provision is as follows:

	2001	2000
Statutory rate	44.7%	45.6%
Income tax charge at statutory rate	$ 36,047	$ 34,934
Non-deductible expenses and amortization	1,839	825
Large corporations tax	1,194	373
Taxes related to non-controlling interest share of earnings	(4,427)	(4,220)
Reduction for enacted changes in tax laws and rates	(5,277)	–
Taxes related to equity accounted investment	(1,247)	(1,063)
Foreign taxes less than statutory rate	(18,046)	(15,754)
Other	68	299
	10,151	15,394
Less: current income taxes related to discontinued operations	137	–
Provision for income taxes	$ 10,014	$ 15,394

(b) The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at June 30, 2001 are presented below:

	2001	2000
Future tax assets:		
Non-capital loss carryforwards	$ 27,083	$ 35,573
Share issue and financing costs	1,024	708
Differences in working capital deductions for tax and accounting purposes	2,687	1,854
Other	1,134	1,321
Total gross future tax assets	31,928	39,456
Valuation allowance	(18,769)	(22,910)
Net future tax assets	13,159	16,546
Future tax liabilities:		
Differences in net book value and undepreciated capital cost:		
Ski and resort assets	87,681	87,472
Properties	2,742	6,287
Other	2,339	864
Total gross future tax liabilities	92,762	94,623
Net future tax liabilities	$ 79,603	$ 78,077

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

(c) At June 30, 2001, the Company has non-capital loss carryforwards for income tax purposes of approximately $98,358,000 (2000 – $86,049,000) that are available to offset future taxable income through 2020.

14. JOINT VENTURES:

The following amounts represent the Company's proportionate interest in joint ventures and non-controlled partnerships (note 2(b)):

	2001	2000
Properties, current	$ **60,736**	$ 40,977
Other current assets	**26,517**	26,638
	87,253	67,615
Current liabilities	**(62,225)**	(53,927)
Working capital	**25,028**	13,688
Ski and resort operations	**144,707**	132,589
Properties, non-current	**46,965**	78,699
Bank and other indebtedness, non-current	**(40,753)**	(41,498)
Other, net	**(11,742)**	(14,760)
	$ **164,205**	$ 168,718

	2001	2000
Revenue	$ **159,104**	$ 136,557
Expenses	**143,658**	127,496
Income from continuing operations before income taxes	**15,446**	9,061
Results of discontinued operations	**181**	97
	$ **15,627**	$ 9,158

	2001	2000
Cash provided by (used in):		
Operations	$ **28,006**	$ 26,107
Financing	**(12,985)**	483
Investments	**(10,835)**	(28,720)
Increase (decrease) in cash and cash equivalents	$ **4,186**	$ (2,130)

Due to joint venture partners is the amount payable to the Company's joint venture partners in various properties for costs they have incurred on the Company's behalf. Payments to the joint venture partners are governed by the terms of the respective joint venture agreement.

15. CONTINGENCIES AND COMMITMENTS:

(a) The Company holds licenses and land leases with respect to certain of its ski operations. These leases expire at various times between 2032 and 2051 and provide for annual payments generally in the range of 2% of defined gross revenues.

(b) The Company has estimated costs to complete ski and resort operation assets and properties currently under construction and held for sale amounting to $363,064,000 at June 30, 2001 (2000 – $327,788,000). These costs are substantially covered by existing financing commitments.

(c) The Company has entered into various operating lease commitments, payable as follows:

Year ending June 30, 2002	$ 4,516
2003	4,199
2004	3,231
2005	2,723
2006	2,064
Subsequent to 2006	6,827
	$ 23,560

(d) The Company is contingently liable for indebtedness at June 30, 2001 of $7,700,000 (2000 – $8,698,000) which relates to certain non-resort properties under development sold during the year ended September 30, 1994 (note 19). The purchasers of these properties have provided guarantees to the Company in respect of the indebtedness and have indemnified the Company for any potential losses resulting from the contingent liability.

(e) The Company is contingently liable for the obligations of certain joint ventures and limited partnerships. The assets of these joint ventures and limited partnerships, which in all cases exceed the obligations, are available to satisfy such obligations.

(f) The Company and its subsidiaries are involved in several lawsuits arising out of the ordinary course of business. Although the outcome of such matters cannot be predicted with certainty, management does not consider the Company's exposure to lawsuits to be material to these consolidated financial statements.

16. INTEREST EXPENSE:

	2001	2000
Total interest incurred	$ **89,092**	$ 66,426
Less:		
Interest capitalized to ski and resort operation assets	**988**	721
Interest capitalized to properties, net of capitalized interest included in real estate cost of sales of $13,642,000 (2000 – $10,875,000)	**29,656**	19,129
	$ **58,448**	$ 46,576

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

	2001	2000
Interest was charged to income as follows:		
Real estate costs	$ 13,642	$ 10,875
Interest expense	44,490	35,217
Discontinued operations	316	484
	$ 58,448	$ 46,576

Real estate costs also include $7,080,000 (2000 – $5,892,000) of interest incurred in prior years.

Interest incurred and interest expense include commitment and other financing fees and amortization of deferred financing costs.

17. FINANCIAL INSTRUMENTS:

(a) Fair value:

The Company has various financial instruments including cash and cash equivalents, amounts receivable, certain amounts payable and accrued liabilities. Due to their short-term maturity or, in the case of amounts receivable, their market comparable interest rates, the instruments' book value approximates their fair value. Debt and interest swap agreements are also financial instruments. The fair value of the Company's long-term debt, calculated using current rates offered to the Company for debt at the same remaining maturities, is not materially different from amounts included in the consolidated balance sheets.

(b) Interest rate risk:

As described in note 9, $342,890,000 of the Company's debt instruments bear interest at floating rates. Fluctuations in these rates will impact the cost of financing incurred in the future.

(c) Credit risk:

The Company's products and services are purchased by a wide range of customers in different regions of North America and elsewhere. Due to the nature of its operations, the Company has no concentrations of credit risk.

18. SEGMENTED INFORMATION:

The Company has four reportable segments: ski and resort operations, real estate operations, warm-weather operations, and corporate and all other. The ski and resort segment includes all of the Company's mountain resorts and associated activities. The real estate segment includes all of the Company's real estate activities. The warm-weather operations include all of the Company's stand-alone golf courses that are not located at mountain resorts.

The Company evaluates performance based on profit or loss from operations before interest, depreciation and amortization, and income taxes. Intersegment sales and transfers are accounted for as if the sales or transfers were to third parties.

The Company's reportable segments are strategic business units that offer distinct products and services, and that have their own identifiable marketing strategies. Each of the reportable segments has senior level executives responsible for the performance of the segment.

The following table presents the Company's results from continuing operations by reportable segment:

	2001	2000
Revenue:		
Ski and resort	$ 433,126	$ 389,839
Real estate	424,271	348,360
Warm-weather	59,076	57,511
Corporate and all other	6,337	14,782
	$ 922,810	$ 810,492

	2001	2000
Operating profit before interest, depreciation and amortization, and income taxes:		
Ski and resort	$ 100,511	$ 85,136
Real estate	80,989	62,874
Warm-weather	7,827	8,552
Corporate and all other	6,337	14,782
	195,664	171,344
Less:		
Interest	(44,490)	(35,217)
Depreciation and amortization	(57,934)	(51,399)
General and administrative	(9,793)	(7,985)
	(112,217)	(94,601)
	$ 83,447	$ 76,743

	2001	2000
Segment assets:		
Ski and resort	$ 886,297	$ 818,485
Real estate	868,655	676,455
Warm-weather	143,343	134,906
Corporate and all other	46,895	68,384
Discontinued operations	11,122	19,125
	$ 1,956,312	$ 1,717,355

	2001	2000
Capital expenditures:		
Ski and resort	$ 85,597	$ 103,822
Warm-weather	8,389	15,311
Corporate and all other	15,414	6,501
	$ 109,400	$ 125,634

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

Geographic information:

	2001	2000
Revenue:		
Canada	$ 375,569	$ 331,529
United States	547,241	478,963
	$ 922,810	$ 810,492

	2001	2000
Operating income before income taxes, non-controlling interest and results of discontinued operations:		
Canada	$ 63,201	$ 52,520
United States	20,246	24,223
	$ 83,447	$ 76,743

	2001	2000
Identifiable assets:		
Canada	$ 708,438	$ 672,134
United States	1,236,752	1,026,096
Discontinued operations	11,122	19,125
	$ 1,956,312	$ 1,717,355

19. RELATED PARTY TRANSACTIONS:

Effective April 1, 1994, the Company sold substantially all of its industrial and non-resort residential properties under development in British Columbia and Washington State to two partnerships formed by a group of investors. An officer and a director of the Company is the majority shareholder of corporations that invested in a 20% interest in the partnerships. Such corporations are also the managing general partners of the partnerships. The consideration for the sale included a vendor take-back note originally for $22,926,000, of which $1,567,000 was outstanding at June 30, 2000. During the year ended June 30, 2001, this amount plus interest at 10% per annum was repaid.

The Company committed to provide the partnerships various credit facilities, including a $4,624,000 revolving line of credit until January 31, 2001, reducing to $3,963,000 until July 31, 2001 and thereafter to $2,702,000 until the availability terminates on January 31, 2002. The line of credit earns interest at prime plus 2% per annum. At June 30, 2001, $3,729,000 (2000 – $4,708,000) was advanced under these facilities and accrued and unpaid interest amounted to $262,000 (2000 – $142,000). In addition, the Company agreed to provide financial assistance by way of continuing guarantee in respect of certain indebtedness and liabilities of the partnerships. The Company earns fees in consideration for this financial assistance. The partnerships have guaranteed repayment of these facilities and indemnified the Company for any losses under them.

20. CASH FLOW INFORMATION:

The changes in non-cash operating working capital balance consist of the following:

	2001	2000
Cash provided by (used in):		
Amounts receivable	$ (4,932)	$ 531
Other assets	(25,258)	(30,784)
Amounts payable	(4,405)	23,365
Due to joint venture partners	(8,143)	5,736
Deferred revenue	12,790	35,537
	$ (29,948)	$ 34,385
Supplemental information:		
Interest paid included in the determination of net income	$ 51,744	$ 43,472
Income taxes paid	4,754	2,575
Non-cash investing and financing activities:		
Note received on asset disposal	5,540	–
Capital stock issued for settlement of bank and other indebtedness	–	1,236
Bank and other indebtedness incurred on acquisitions	–	5,711

21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. The principles adopted in these financial statements conform in all material respects to those generally accepted in the United States and the rules and regulations promulgated by the Securities and Exchange Commission ("SEC") except as summarized below:

	2001	2000
Income from continuing operations in accordance with Canadian GAAP	**$ 63,529**	$ 52,091
Effects of differences in accounting for:		
Depreciation and amortization pursuant to SFAS 109 (d)	**(2,861)**	(549)
Foreign exchange pursuant to SFAS 52(g)	**(3,295)**	(4,716)
Real estate revenue recognition pursuant to SFAS 66(i)	**(4,089)**	–
Start-up costs (j)	**(788)**	–
Tax effect of differences	**1,182**	–
Results of discontinued operations	**(2,942)**	(99)
Net income in accordance with United States GAAP	**50,736**	46,727
Opening retained earnings in accordance with United States GAAP (b)	**177,245**	127,645
Reduction in redemption price of non-resort preferred shares	**–**	7,588
Common share dividends	**(4,618)**	(4,715)
Closing retained earnings in accordance with United States GAAP	**$ 223,363**	$ 177,245
Weighted average number of shares outstanding (in thousands)	**43,665**	43,362
Income per common share:		
Basic	**$ 1.23**	$ 1.08
Diluted	**$ 1.22**	$ 1.08

	2001	2000
Comprehensive income:		
Net income in accordance with United States GAAP	**$ 50,736**	$ 46,727
Other comprehensive income (loss)	**(260)**	1,358
	$ 50,476	$ 48,085

	2001	2000
Total assets in accordance with Canadian GAAP	**$ 1,956,312**	$ 1,717,355
Effects of differences in accounting for:		
Shareholder loans (c)	**(460)**	(560)
Ski and resort assets (d)	**3,226**	4,893
Goodwill (d)	**35,916**	37,943
Properties (d)	**663**	710
Revenue recognition (i)	**(510)**	–
Start-up costs (j)	**(788)**	–
Future income taxes on differences	**1,182**	–
Total assets in accordance with United States GAAP	**$ 1,995,541**	$ 1,760,341

	2001	2000
Total liabilities in accordance with Canadian GAAP	**$ 1,387,950**	$ 1,206,083
Effects of differences in accounting for:		
Foreign exchange (g)	**(14)**	(3,309)
Revenue recognition (i)	**3,579**	–
Total liabilities in accordance with United States GAAP	**$ 1,391,515**	$ 1,202,774

	2001	2000
Capital stock in accordance with Canadian GAAP	**$ 414,220**	$ 413,719
Effects of differences in accounting for:		
Extinguishment of options and warrants (a)	**1,563**	1,563
Shareholder loans (c)	**(460)**	(560)
Capital stock in accordance with United States GAAP	**415,323**	414,722
Closing retained earnings in accordance with United States GAAP	**223,363**	177,245
Accumulated other comprehensive income (h)	**(34,660)**	(34,400)
Shareholders' equity in accordance with United States GAAP	**$ 604,026**	$ 557,567

(a) Extinguishment of options and warrants:
Payments made to extinguish options and warrants can be treated as capital items under Canadian GAAP. These payments would be treated as income items under United States GAAP. As a result, payments made to extinguish options in prior years impact the current year's capital stock and retained earnings. No payments were made during the years ended June 30, 2001 and 2000.

(b) Retained earnings:
Opening retained earnings in accordance with United States GAAP for the year ended June 30, 2000 includes the effects of:

(i) adopting SFAS 109 as described in (d). The net increase in retained earnings was $44,095,000.

(ii) treating payments made to extinguish options and warrants as income items as described in (a). The net decrease in retained earnings was $1,563,000.

(iii) including foreign exchange gains and losses in income for the period in which the exchange rate fluctuates. The net increase in retained earnings was $8,025,000.

(c) Shareholder loans:
The Company accounts for loans provided to senior employees for the purchase of shares as amounts receivable. Under United States GAAP, these loans, totaling $460,000 and $560,000 as at June 30, 2001 and 2000, respectively, would be deducted from share capital.

(tabular amounts in thousands of United States dollars, unless otherwise indicated)

(d) Income taxes:

As described in note 2(n), the Company follows the asset and liability method of accounting for income taxes. Prior to July 1, 1999, the Company had adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), for the financial statement amounts presented under United States GAAP. SFAS 109 requires that future tax liabilities or assets be recognized for the difference between assigned values and tax bases of assets and liabilities acquired pursuant to a business combination except for non tax-deductible goodwill and unallocated negative goodwill, effective from the Company's year ended September 30, 1994. The effect of adopting SFAS 109 increases the carrying values of certain balance sheet amounts at June 30, 2001 and 2000 as follows:

	2001	2000
Ski and resort assets	**$ 3,226**	$ 4,893
Goodwill	**35,916**	37,943
Properties	**663**	710

(e) Joint ventures:

In accordance with Canadian GAAP, joint ventures are required to be proportionately consolidated regardless of the legal form of the entity. Under United States GAAP, incorporated joint ventures are required to be accounted for by the equity method. However, in accordance with practices prescribed by the SEC, the Company has elected for the purpose of this reconciliation to account for incorporated joint ventures by the proportionate consolidation method (note 14).

(f) Stock compensation:

Statement of Financial Accounting Standards No. 123 , "Accounting for Stock-Based Compensation" ("SFAS 123"), requires that stock-based compensation be accounted for based on a fair value methodology, although it allows an entity to elect to continue to measure stock-based compensation costs using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). The Company has elected to account for stock-based compensation in accordance with APB 25. Accordingly, no compensation expense has been recognized for the years presented.

Had compensation expense been determined in accordance with the provisions of SFAS 123 using the Black-Scholes option pricing model at the date of the grant, the following weighted average assumptions would be used for option grants in:

	2001	2000
Dividend yield	**0.6%**	0.6%
Risk-free interest rate	**4.63%**	6.25%
Expected option life	**7 years**	7 years
Expected volatility	**67%**	69%

Using the above assumptions, the Company's net income under United States GAAP would have been reduced to the pro forma amounts indicated below:

	2001	2000
Net income in accordance with United States GAAP:		
As reported	**$ 50,736**	$ 46,727
Estimated fair value of option grants	**(3,975)**	(2,894)
Pro forma	**$ 46,761**	$ 43,833

Pro forma net income reflects only options granted since June 30, 1996. Therefore, the full impact of calculating compensation costs for stock options under SFAS 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options' vesting period of 7 years (2000 – 7 years) and compensation cost for options granted prior to July 1, 1996 is not considered.

(g) Foreign exchange on bank and other indebtedness:

Under Canadian GAAP the Company defers and amortizes foreign exchange gains and losses on bank and other indebtedness denominated in foreign currencies over the remaining term of the debt. Under United States GAAP, foreign exchange gains and losses are included in income in the period in which the exchange rate fluctuates.

(h) Other comprehensive income:

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"), requires that a company classify items of other comprehensive income by their nature in a financial statement and display the accumulated balance of other comprehensive income separately from retained earnings and capital stock in the equity section of the balance sheet.

The foreign currency translation adjustment in the amount of $33,780,000 (2000 – $34,400,000) presented in shareholders' equity under Canadian GAAP would be considered part of accumulated other comprehensive income under United States GAAP. The change in the balance of $260,000 would be other comprehensive loss for the year (2000 – income of $1,358,000).

(i) Real estate revenue recognition:

In accordance with Canadian GAAP, the Company recognizes revenue from the sale of real estate after receiving an appropriate deposit and conveying title to the purchaser. Under United States GAAP, the Company applies the deposit or cost recovery method to sales of retail real estate where the initial or continuing investment by the purchaser does not comply with all criteria specified for full revenue recognition. Under these methods, revenue is not all recognized at the time of sale and title transfer but subsequently as specified criteria for revenue recognition are met.

(j) Start-up costs:

As described in note 2(f), the Company capitalizes for Canadian GAAP purposes certain costs incurred in the start-up period of its resort network. For U.S. GAAP purposes, such costs would be expensed as incurred.

(k) Derivatives and hedging activities:

For U.S. GAAP purposes, the Company adopted the provisions of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, effective July 1, 2000. Under this standard, derivative instruments are initially recorded at cost with changes in fair value recognized in income except when the derivative is identified, documented and highly effective as a hedge, in which case the changes in fair value are excluded from income to be recognized at the time of the underlying transaction. The only derivative instrument outstanding at June 30, 2001 and 2000 is the interest rate swap described in note 9. As the fair value of this swap is not materially different than its cost at both dates, no material reconciling item is required.

(l) Recently announced accounting pronouncements:

In May 2001 the Financial Accounting Standards Board announced new rules relating to the accounting for goodwill. SFAS 141, "Business Combinations," eliminates the pooling of interests method of accounting for business combinations and is effective for all transaction initiated after June 30, 2001. SFAS 142, "Goodwill and Other Intangible Assets," will require that goodwill no longer be amortized, but the carrying value of goodwill be subject to a regular impairment test. SFAS 142 will be effective for the first fiscal quarter beginning after December 15, 2001.

In June 2001 SFAS 143, "Accounting for Asset Retirement Obligations," was issued in the United States. This standard, which for the Company will be effective for its year commencing July 1, 2002, requires an enterprise to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets.

The Company has not yet assessed the implications of these recently announced accounting pronouncements to its reported financial position.

(m) Comparative figures:

Certain comparative figures for 2000 have been reclassified to conform with the financial presentation adopted in the current year.

DIRECTORS

R. Thomas M. Allan[1] Vice President, Corporate Investments, Trudell Medical Limited

Joe S. Houssian Chairman, President and Chief Executive Officer, Intrawest Corporation

Daniel O. Jarvis Executive Vice President and Chief Financial Officer, Intrawest Corporation

David A. King[1,2] President, David King Corporation

Gordon H. MacDougall[2,3] Partner, CC&L Financial Services Group

Paul M. Manheim[1,3] President, HAL Real Estate Investments, Inc.

Paul A. Novelly[2] Chairman and Chief Executive Officer, Apex Oil Company, Inc.

Gary L. Raymond President and Chief Executive Officer, Development and Acquisitions, Intrawest Corporation

Bernard A. Roy[3] Senior Partner, Ogilvy Renault

Khaled C. Sifri[1] Managing Partner, Hadef Al-Dhahiri & Associates

Hugh R. Smythe President, Resort Operations Group, Intrawest Corporation

Nicholas C. H. Villiers[2] Vice President and Director, RBC Dominion Securities Inc.

1. Audit Committee 2. Corporate Governance Committee 3. Human Resources Committee

CORPORATE MANAGEMENT

Joe S. Houssian[4] Chairman, President and Chief Executive Officer
Daniel O. Jarvis[4] Executive Vice President and Chief Financial Officer
John E. Currie Senior Vice President, Financing and Taxation
Matthew W. Dunn[4] Senior Vice President, Business Systems and Chief Information Officer
Stan C. Sprenger President, Resort Reservations Network
David C. Blaiklock Vice President and Corporate Controller
Jim Greehey Vice President, Corporate Insurance
Ross J. Meacher Corporate Secretary

RESORT OPERATIONS GROUP

Hugh R. Smythe[4] President, Resort Operations Group
Pat Aldous Director, Canadian Mountain Holidays
David Barry Chief Operating Officer, Copper
David B. Brownlie Senior Vice President, Finance, Whistler Blackcomb
Gordon Ahrens General Manager, Panorama Mountain Village
Doug Forseth Senior Vice President, Operations, Whistler Blackcomb
Rusty Gregory Chief Executive Officer, Mammoth
Dave Hartvigsen[4] Senior Vice President, Lodging
Peter A. Cowley Vice President, Lodging Product Development
Charles Ku Vice President, Sales and Marketing, Lodging
Mike Stange Vice President and General Manager, Sandestin
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David Creasy Vice President, Finance
Mark R. Hulme Vice President, Retail/Rental Operations
Graham R. Kwan Vice President, Business Development
Ann MacLean Vice President, People and Organizational Development
Tony B. Osborne Staff Vice President, Project Management
Cate Thero Vice President, Marketing
Stephen K. Rice[4] Senior Vice President, Eastern Region
Michel Aubin President, Tremblant
Charles Blier Vice President and General Manager, Mountain Creek
Gordon F. Canning President, Blue Mountain
Steve Paccagnan General Manager, Mont Ste. Marie
Bruce D. Pittet Vice President and General Manager, Snowshoe
Graham R. Wood Vice President and General Manager, Stratton

DEVELOPMENT AND ACQUISITIONS

Gary Raymond[4] President and Chief Executive Officer, Development and Acquisitions
Lorne Bassel[4] Senior Vice President, Business Development
Robert Jérôme Vice President, Les Arcs Development, Europe
Danae Johnson Vice President, People Development
Max Reim Vice President, Commercial Development
Michael Coyle[4] Senior Vice President, Marketing and Sales
Greg L. Ashley President, Playground
Jim Onken President, Fractional Products
David S. Greenfield[4] President, Development
William R. Green Senior Vice President, Development, Canada
Gavin MacDonald Vice President, Tremblant Development
Craig Watters Vice President, Blue Mountain Development
Paul Woodward Vice President, Whistler/Sun Peaks Development
Rasha Hodaly Vice President, Financial Reporting and Accounting
Tom Jacobson Vice President, Squaw Valley Development
Donal P. O'Callaghan Vice President, Design
Douglas W. Ogilvy Vice President, Mammoth Development
Thomas M. Wallington Vice President, Lake Las Vegas Development
David Kleinkopf[4] President, Development
James W. Boivin Vice President, Sandestin Development
Ken Hoeppner Vice President, Stratton Development
Donald M. Ross Vice President, Mountain Creek Development
Paul Shepherd Vice President, Snowmass Development
Paul Stashick Regional Vice President, Colorado Development
Joe Whitehouse Vice President, Snowshoe Development
Jeff Stipec Senior Vice President, Intrawest Golf
Kirk Kokoska Vice President, Golf Operations
Andrew P. Voysey Senior Vice President, Acquisitions

RESORT CLUB GROUP

James J. Gibbons[4] President, Resort Club Group
Ron T. Zimmer Executive Vice President and Chief Financial Officer
René L. Cardinal Vice President, Finance and Administration
Michael Kaine Vice President, Technology
R. Jude Carrillo Executive Vice President, Sales and Marketing
David Adkins Vice President, Marketing
Barbara J. Jackson Vice President, Guest Experience and Communications
Doug Regelous Senior Vice President, Development

4. Resort Executive Committee

CORPORATE INFORMATION

AUDITORS
KPMG LLP
Vancouver, BC

TRANSFER AGENT AND REGISTRAR
CIBC Mellon Trust Company at its principal offices in Vancouver, Calgary, Toronto and Montreal

STOCK EXCHANGE LISTINGS AND SYMBOLS
New York Stock Exchange (IDR)
The Toronto Stock Exchange (ITW)

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(604) 623-6620

ANNUAL GENERAL MEETING
The Annual General Meeting of Shareholders will be held on Tuesday, November 13, 2001 at 11:00 a.m. in the MacKenzie Ballroom of The Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia.

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Vous pouvez obtenir la version française de ce rapport en écrivant au Secrétaire, Corporation Intrawest, 200, rue Burrard, Bureau 800, Vancouver (Colombie-Britannique) V6C 3L6.

INTRAWEST

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